



## ***E. Protection of Stakeholders' Rights***

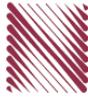
### **Objectives**

- The objective of this section is to ensure NIC's shareholders are practicing their basic rights with a high level of integrity and equality which guarantees a professional dealing to all shareholders, and safeguard them from violation of their rights.
- Furthermore, safeguarding the Shareholders capital investment from misuse that could occur through the company's executives or board of directors.
- The Stakeholders rights/interests should also be recognized and safeguarded through the Kuwaiti laws such as the labour law, Companies law and its executive regulations, the contracts signed between the Company and the Stakeholders, and any other promises undertaken by the company towards the stakeholders.
- Stakeholder's contribution/interest to the company creates a very strategic and lucrative return that results in a competitive advantage and increases profitability, therefore Stakeholders rights should be recognized, safeguarded and encouraged.

### **Protection Of Shareholders' Equity**

NIC should focus on certain rules and controls for the protection of shareholder's equity and treating the same equally as well as protection of minority interests in terms of the following:

- Protect the basic rights of shareholder in relation to the registration, assignment and transfer of ownership as well as the participation and voting in shareholders meetings and also participating in NIC's dividends and obtaining regular information about the company.
- Shareholders participate in the decisions mainly related to:
  - Amendments in NIC's Memorandum & Articles of Association;
  - Amendments to the capital through offering new shares or offering certain shares under staff share purchase option system or share repurchases; and



- Any extraordinary transactions such as the merger or sale of a substantial amount of NIC's assets or assigning any affiliated companies.
- Assure and ensure shareholders' effective participation in General Assembly meetings and keep them well informed of the voting procedures and rules. Shareholders should be notified of the date of the General Assembly and the agenda before a reasonable period from the time of meeting.
- Confirm the equal treatment of all shareholders.

### **General Rights of Shareholders**

- Record the amount of the investors' shareholding in company's records.
- The shareholder has the right to have the share ownership registered or to transfer the ownership and rights through a power of attorney or a special authorization defined by the company for this matter.
- Receive the declared share of the dividends distributed.
- Receive a share in the company's assets in case of liquidation.
- Receive information and data relating to company's activities, its operational strategy and investment strategy on a periodic basis.
- Participate in the company's general assembly and vote on its decisions, unless the subject of vote is related to the shareholder's personal interest
- Elect Board of Directors members.
- Hold the Board of Directors or executive management accountable and sue them for responsibility in case if they fail to perform the tasks given to them.
- The company must treat all shareholders' holdings without discrimination. Each shareholder has voting rights equal to the number of shares registered in his name. In addition, the company should not withhold any of the above mentioned rights from any category of shareholders for any reason, or set in place any standards which might lead to discrimination among shareholders in practicing these rights, while not causing any damage to company's interest or non-compliance with the law and its bylaws and any of the instructions and regulatory controls issued under it.



### **Maintenance of Shareholder Related Information**

For the purpose of continuous monitoring over all the matters related to shareholders data, the company should do the following:

- The company should establish a special register at the clearing agency to record in the following: shareholders' names, nationality, home country, and the number of shares they own.
- The company should allow shareholders to view the shareholders register.
- The data recorded in this register should be dealt with high level of confidentiality and security and that without violating the law and the bylaws and any of the instructions and regulatory controls issued under it.

7.2 NIC is always keen to have mechanisms that encourage Participation and voting in the General Assembly Meetings as per corporate Governance regulations, best practice, Companies law issued by MOCI and NIC's articles of association.

### **Stakeholder's rights**

Stakeholders are those individuals, institutions and bodies connected to NIC (such as borrowers, creditors, investors, employees, and the society as a whole).

- NIC's policies and practices should:
  - Recognize the rights of stakeholders as established by the laws and regulations, and encourage cooperation between NIC and its stakeholders in supporting development, creating jobs for the national manpower, and the fostering of the financial soundness of these corporations;
  - Realize that an important aspect of good governance is to ensure funds' inflows and that their interest lies in the long term into supporting wealth creation through joint cooperation and all stakeholders' participation;



- Encompass principles that provide necessary protection to stakeholders' rights, particularly the rights of investors, borrowers and shareholders, so as to guarantee the safeguard of its financial positions and to activate its role in serving the society and the economic development process; and
  - Ensure the rights of stakeholders to obtain effective redress for violation of their rights.
- Where stakeholders participate in the corporate governance process, they should have access to relevant information, according to the nature of their participation.

### **Protection of stakeholder's rights**

The rules and procedures which would ensure the protection and acknowledgement of stakeholders' right including the following:

- The protection rights of the Board of Directors members and related parties conform to the various stakeholders' parties, without any discrimination or preferential conditions.
- The procedures that will be followed in case any party fails to fulfil any of its commitments, as well as the procedures to be followed for paying compensation shall be noted within the contracts held between the company and stakeholders.
- A mechanism for compensating stakeholders in case of violation of their rights which are set by regulations and protected by contracts.
- A mechanism demonstrating how the company builds strong relationships with clients and vendors and maintains confidentiality with respect to their information.
- A mechanism for settling complaints or disputes which could arise between companies and stakeholders.
- The company should set in place policies and internal charters which include a clear mechanism for awarding different kinds of contracts and deals either through tenders or various purchase orders. The mechanism should be fully disclosed.



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- Stakeholders do not get any preference through dealing in contracts and deals that are carried out under company's regular activities.

### **Participation of Stakeholders**

- The company should set mechanisms and charters that would ensure maximum benefit is received from stakeholders' contributions and encourage stakeholders to participate in monitoring its activities.
- Periodically, provide stakeholders with access to reliable information and data which are relevant to their activities on a timely basis.
- Set appropriate mechanisms that would allow stakeholders to report to the company's Board of Directors on any improper practices which the company exposes them to while providing them with adequate protection.