Governance & Transparency Report
Strategia Investment Company K.S.C.P

For the year ended 31 December 2015

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1. Chairman's Message

I am pleased to put in your hands the annual corporate governance report for the year 2015.

The annual corporate governance report for the year confirms our commitment to provide the best value for our shareholders and this stems from our recognition as a public company to sustain the good practices of corporate governance which has become a moral and economic necessity in modern business development world.

In this regard, we support the need for strict adherence to principles that help establish the concept of transparency, accountability, integrity and ethics and honesty in our business which form without a doubt the cornerstone of any successful organization. Precisely for this reason comes our promise to ourselves and our investors and all our stakeholders to uphold the highest standards of probity and integrity in the management of the company.

In the light of the growing concern of our shareholders, including potential shareholders and investors, Strategia decided to strengthen its corporate governance system in line with the finest local and international practices in this area. In this regard, Strategia planned to strengthen the role of independent Board members and adopted sophisticated and distinguished work ethics in its sector as well as creating new regulatory laws and applying the delegation of authority system and integrate the role of the board of directors and committees at the heart of our business.

We also are looking to achieve the desired objectives to improve existing practices and procedures in addition to implement sophisticated governance framework for Strategia and its affiliates so we can take pride in our areas and thus achieve the vision of our shareholders.

Finally we would like to take this opportunity to thank all the authorities and regulators that have contributed to better support the principles and practices of corporate governance and their implementation in State of Kuwait.

Soud Abdulaziz Al-Mansour

Chairman

2. Introduction

In Strategia, we take pride in the adoption of the highest standards and best practices in line with the provisions of Kuwait legislations on governance, the companies' law, the laws issued by the Capital Markets Authority (CMA), and the relevant instructions of the Central Bank of Kuwait (CBK).

Indeed, we follow international best practices, and affirm our compliance with CMA's resolution No. 7 of 2010 and its executive bylaw issued in November 2015 Book 15 regarding the governance rules and corporate Discipline standards.

Governance rules and standards aim to properly manage the company's organizational structure as well as the applicable policies and procedures so that the company's activities are in line with the rules issued by CMA, CBK, and other regulatory bodies, and in alignment with international best practices. This is meant to achieve efficiency in business, with added value to all shareholders and stakeholders, i.e., human resources, customers, partners, investors, and realize the returns that would contribute to the development of Kuwait economy.

3. Company Profile

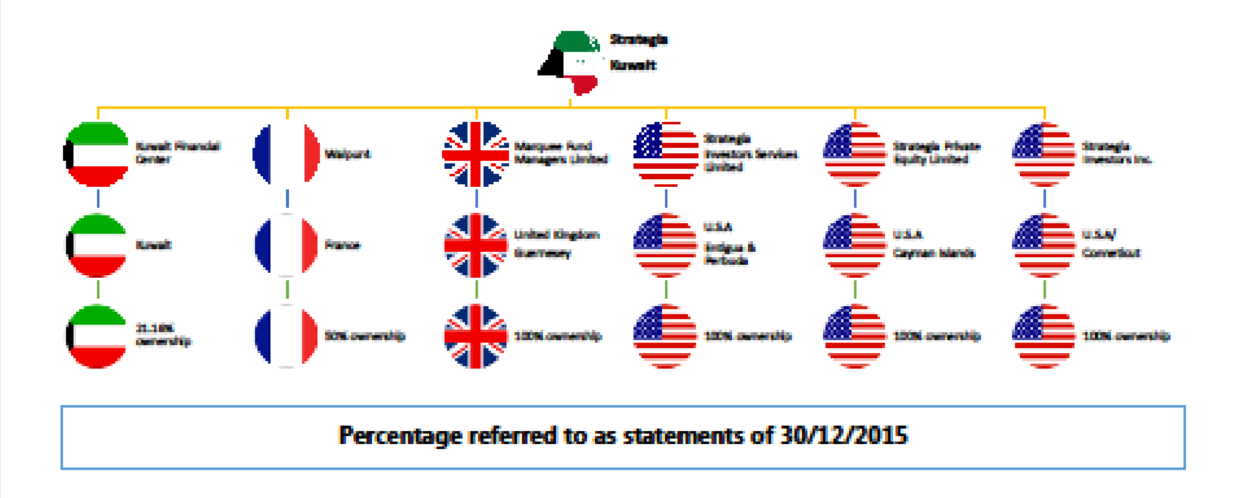
Strategia Investment Company was formed in March 2004 as a spin-off of the real estate investment division of KMEFIC, a leading publicly listed financial services company. In March 2004, the new shareholders of the company decided to change its legal classification from a real estate company to an investment company that provides all investment products and services. Accordingly, the capital of the real estate company was increased from KD10 million to KD15 million.

SIC's capital was increased twice by distributing bonus shares during 2007 and 2008 to reach K.D 17,577,000. In December 2008, when all the listing conditions were met, Strategia was listed on the Kuwait Stock Exchange in order to add another dimension in the field of asset management and investment services with an enhanced capital. Due to the accumulated financial losses, the company increased its capital first during 2010 and then reduced it again to KD 15 million.

During 2013, the company succeeded in increasing its capital by 100% to KD30 million with assets under management from various institutional and individual clients amounting to US$158 million as of December 31, 2015.

The company observes the companies' Kuwaiti law provisions and its amendments, in addition to Central Bank of Kuwait laws and regulations, Capital Markets Authority laws and rules, and rest of legal and financial regulations.
The company operates mainly in all finance and investment activities.

4. Strategia and its subsidiaries and associates



5. Corporate Governance

Corporate governance (corporate governance system) is a set of rules that control the relationships between employees, the company's board of directors, shareholders and stakeholders inside and outside the company. Corporate governance provides the structure through which the objectives and the instruments needed to achieve them, and the performance monitoring is determined accordingly.

The board of Strategia is aware of the importance of compliance with the rules of good governance and essential role in controlling and stimulating corporate governance framework and related practices. In this regard, the board of directors is reviewing its framework and practices regularly to meet the requirements of the financial markets and all regulators and comply with all applicable laws and regulations.

The current governance system provides a comprehensive governance framework for corporate companies subject to Capital Markets Authority and Central Bank of Kuwait. This system contains principles that deal with general direction and composition of the board of directors, duties and responsibilities of directors, chairman and board secretary.

➢ Implementation of Corporate Governance

Governance rules and corporate discipline standards enhance the levels of confidence in our ability to honor our commitment towards professional efficiency, and generate returns that contribute to the development of the Kuwait economy.

➢ Overview of Corporate Governance

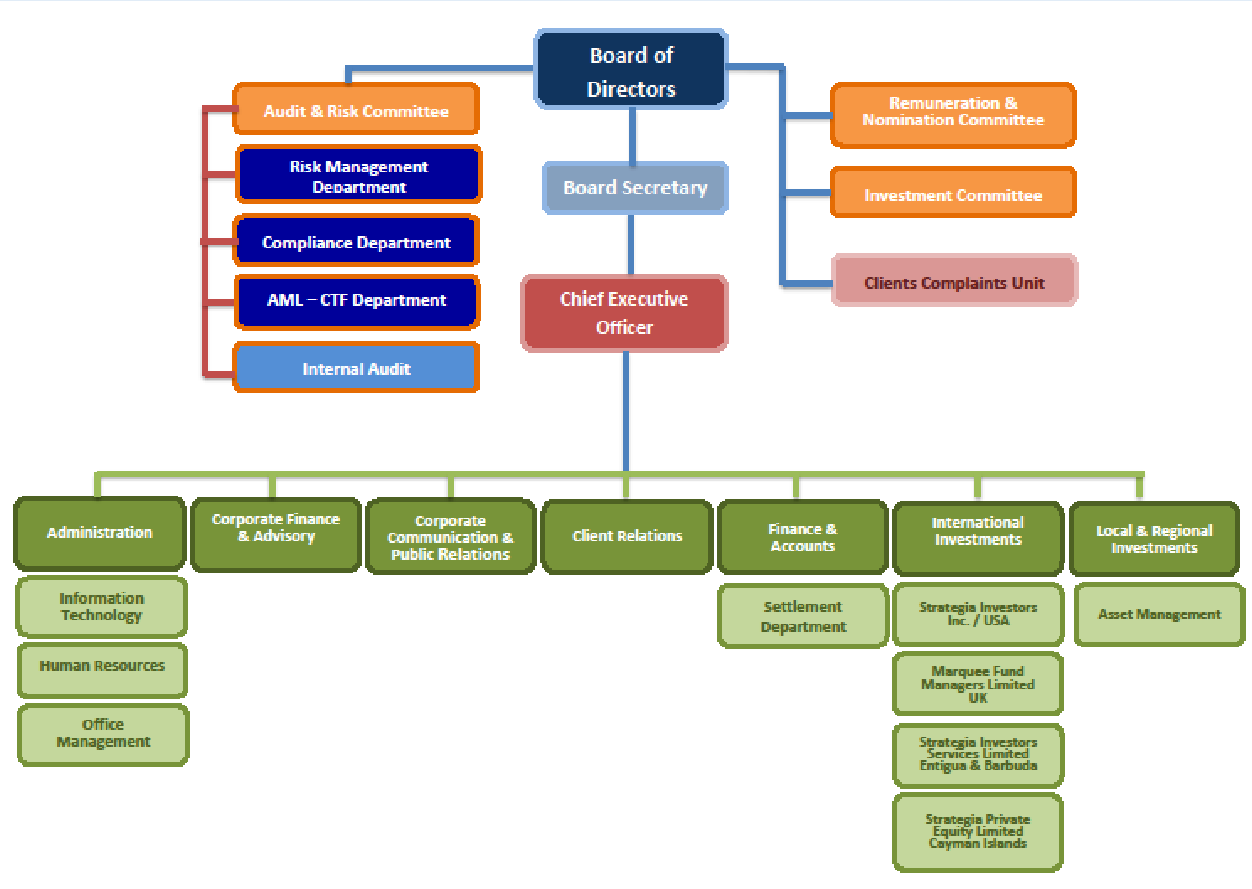
Strategia abides by the corporate governance rules stipulated in CMA's resolution No. 7 of 2010 and its executive bylaw issued in November 2015 Book 15 about Capital Market Authorities and corporate discipline standards set forth in the corporate governance manual covering the duties and responsibilities of the chairman, the CEO. The governance rules do not allow the chairman to assume the responsibilities of the same company's CEO. Additionally, duties and responsibilities of the board of directors have been specified including the company's internal control system and assurance of its effectiveness. The governance manual of 2015 covered the external auditor appointment policy, as well as disclosure and communication with shareholders policy. All these policies were developed to help us adhere to the highest standards.

We have taken positive actions in terms of corporate governance, as we have launched a governance portal on the company's website, including the annual governance report, the board structure, and information on the main founder shareholders, on all governance policies applicable in the company. In light of our keenness to apply the highest standards of transparency and disclosure, the board of directors communicates with the shareholders, inside or outside Kuwait, via the corporate governance related email address in a way that complies with the practices of the board of directors, executive management and employees.

The governance manual includes policies and rules which are based on transparency and responsibility, and emphasizes compliance with the highest standards of behavioral, professional and ethical discipline. It includes the following:

Corporate social responsibility policy which indicates our commitment to contribute to the development of the living quality of the company's employees which will reflect positively on the society, Policy of profit distribution to shareholders, which seeks to achieve sustainable value for shareholders, code of conduct and a statement of the general principles that need to be complied with by the employees, the executive management, and the board of directors, Share trading policy, related parties' transactions policy which specifies the acceptance requirements of transactions that involve the company and the related parties, whistleblowing policy, disclosure and transparency policy, assurance and integrity of financial reports policy, confidentiality of internal information (Chinese Walls), the shareholders' disclosure and communication policy, external auditor appointment policy, and the Board advisors' appointment policy; to provide advisory services to the board members and support the board's resolutions in order to achieve value for shareholders.

➢ Strategia Corporate Governance Chart



6. Our Shareholders

The board of directors is responsible for setting overall business strategy for Strategia and ensure adherence to the highest standards of corporate governance in all sectors of the company and its business. It is also fully responsible for the company management and its performance and adhere to exercise objective opinions on all matters of the company independent of the Executive management and the board of directors is responsible towards the shareholders for proper functioning of the business, responsible for ensuring the company's compliance with the relevant laws and regulations as well as the company's statute and regulations. The board is also responsible for protecting the company from illegal or abusive or improper acts and practices, the company also adopted a formal charter for the board of directors which determines its composition, mechanism and duties, responsibilities, and procedures for its meetings.

7. Chairman

Rests with the chairman of the board is the responsibility to ensure the proper and effective functioning of the board, including the receipt of accurate and complete information from board members and committees in due time.

8. Non-Executive Board Members

Duties of non-executive board members include, and not limited to the following:

Participation in board meetings and providing independent views on strategic issues, policy, performance, accountability, resources, key appointments and standards of work and ensure that priority is given to the interests of the company and shareholders in the event of any conflict of interest, participation in the company's Audit Committee and monitor the company's performance in achieving the agreed goals and objectives, reviewing performance reports including annual, semi-annual and quarterly financial reports, oversee the development of procedural rules for corporate governance and ensure availability of their experience and competence and diverse qualifications in hands of board of directors or its committees through regular board meeting attendance and active participation in general assemblies of shareholders ', in a balanced way. The most non-executive members may request independent consultant's opinion at the expense of the company regarding any matter for the company.

9. Board Secretary

Board Secretary works as secretary of the board and its committees; he may assign, after board approval, responsibility of committees' management to other highly qualified employees. Board of directors appointed an officer of the company as secretary to the board of directors on 11 March 2014. Board secretary's functions include the following:

Registration of all minutes of meetings of the board and its committees and keeping its books, records and reports of the board and to ensure the timely delivery of information and coordinate between the board members and other stakeholders in the company, under the direction of the chairman and his vice and to ensure that board members can access fully and expeditiously to the minutes of all meetings of the board and any other information, documents and records relating to the company and save all minutes of meetings and all documents in a special register.

10. Board of Directors

Our organizational governance is clearly evident from the principles of conduct and compliance imposed by the Board of Directors in line with the international standards.

➢ Composition

According to the Corporate Governance Manual, the board of directors is formed of six members, most of them non executives. The board includes one independent member, and one executive member.

Name	Designation	Date of appointment	Representative of	Membership
Soud Abdulaziz Al-Mansour	Chairman	22 June 2014	Elected	Independent
Mishal Nasser Habib	Vice Chairman & CEO	22 June 2014	Elected	Executive
Amani Ibrahim Al-Omani	Board Member	22 June 2014	First Equilease for Equipment & Transportation Company	Non-Executive
Ghazi Ahmed Al-Oseimi	Board Member	22 June 2014	Global Profession General Trading Company	Non-Executive
Hassan Kamal Caedbey	Board Member	22 June 2014	Commercial Global Privatization Company	Non-Executive
Jamal Abdullah Al-Saleem	Board Member	13 August 2014	Combined Trust Real Estate Company	Non-Executive

Mr. / Soud Abdulaziz Al-Mansour

Chairman

Member of Governance Committee, Audit & Risk Committee and Remuneration & Nomination Committee

BA in Business Administration & Finance- California – USA/ 2000

Mr. / Mishal Nasser Habib

Vice Chairman & CEO

Member of Investment Committee

BA in Accounting / Kuwait University 1996 - Computer science Diploma / Commercial Institute "Public Authority for Applied Sciences" 1992

Mrs. / Amani Ebrahim Al-Omani

Board Member

Member of Remuneration & Nomination Committee

BA in Accounting / Kuwait University 1994

Mr. / Ghazi Ahmed Al-Osaimi

Board Member

Member of Audit & Risk Committee and Governance Committee

BA in Business Administration – Finance / Gulf University for Science and Technology 2006

Mr. / Hassan Kamal Caedbey

Board Member

Member of Investment Committee and Governance Committee

BA in Business Administration / Saint Louis University – USA

Mr. / Jamal Abdullah Al-Saleem

Board Member

Member of Remuneration & Nomination Committee, Audit & Risk Committee and Investment Committee

BA in Accounting - Kuwait University- Master's degree in Accounting with first class honors – Oklahoma City University USA

➢ Board Meeting

Board meetings are convened upon presence of the majority of its members. During 2015, the board was convened 12 times according to the attached data in the following tables:

➢ Board Meeting Statement table in 2015

#	Meeting Number	Date	Attendance	Location	Topic of Discussion
1	89	22/2/2015	100%	Company headquarters	Approval of policies & procedures amendments and organizational chart of the company
2	90	10/3/2015	100%	Company headquarters	Approval of remuneration & nomination Committee meeting minutes
3	91	23/3/2015	100%	Company headquarters	Approval of 2014 financials, viewing AGM draft ad
4	92	1/4/2015	100%	Company headquarters	Optional withdrawal from KSE, the memo presented by the finance dept. regarding the company's discretionary budget to 2015
5	93	17/5/2015	100%	Company headquarters	Approval of Q1-2015 financials, discussion of the cases update of/against Strategia Investment Company
6	94	28/5/2015	100%	Company headquarters	Approval of the committees meetings minutes and discussion of the latest update on the property in Bad Hamburg – Germany
7	95	6/8/2015	100%	Company headquarters	Discussion and approval of 1) Risk management report, 2) Reports of Compliance management, Money laundering & financing of terrorism, 3)report of management of money laundering and terrorist financing,

					4) latest update of AGM held on 20/05/2015, 5) latest update of extra-ordinary AGM held on 08/07/2015
8	96	10/8/2015	100%	Company headquarters	Approval of the committees meetings minutes and Q2-2015
9	97	9/9/2015	100%	Company headquarters	Discussion of the latest update of the optional withdrawal from KSE
10	98	27/10/2015	100%	Company headquarters	Approval of the committees meetings minutes, view of the loans given from Strategia to its subsidiaries
11	99	15/11/2015	100%	Company headquarters	Approval of the committees meetings minutes, view of the loans given from Strategia to its subsidiaries Approval of the committees meetings minutes and Q3-2015
12	100	16/12/2015	100%	Company headquarters	CMA approval for Stategia of the company right to buy or sell shares not exceeding 10% of its shares (Treasury shares), discussion of the latest update about the exit from Water Front and Business Bay investment, approval of the company organizational chart after some amendments, policies approval of Remuneration & Nomination Committee, Audit & Risk Committee emanating from Board of Directors

➢ Board Meeting Attendance Table in 2015

Statement of Board Meetings		Soud AbdulAziz Al-Mansour	Mishal Nasser Habib	Jamal Abdullah Al-Saleem	Hassan Kamal Caedbey	Ghazi Ahmed Al-Osaimi	Amani Ebrahim Al-Omani
		C*	VC**	M	M	M	M
Meeting #	Date of Meeting	Attendance					
89	22/2/2015	✓	✓	✓	✓	✓	✓
90	10/3/2015	✓	✓	✓	✓	✓	✓
91	23/3/2015	✓	✓	✓	✓	✓	✓
92	1/4/2015	✓	✓	✓	✓	✓	✓
93	17/5/2015	✓	✓	✓	✓	✓	✓
94	28/5/2015	✓	✓	✓	✓	✓	✓
95	6/8/2015	✓	✓	✓	✓	✓	✓
96	10/8/2015	✓	✓	✓	✓	✓	✓
97	9/9/2015	✓	✓	✓	✓	✓	✓
98	27/10/2015	✓	✓	✓	✓	✓	✓
99	15/11/2015	✓	✓	✓	✓	✓	✓
100	16/12/2015	✓	✓	✓	✓	✓	✓

Number of meetings during 2015 is 12 as showing in above table.

Note: C = Chairman / VC = Vice Chairman / M = Member non-Executive / ** = Executive / * = Independent

11. Board Committees

The Board delegated a part of its duties to a number of its emanating committees: Audit & Risk Committee, Remuneration & Nomination Committee, Investment Committee, and Governance Committee. Their task is to view specific responsibilities and competencies and judgment, and make certain recommendations to the Board of Directors for proper action. Each committee is formed of a chairman and two members or more from the board. A board committee convenes its meetings according to the rules of corporate governance.

A. Audit & Risk Committee

The Audit & Risk Committee is consisting of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. The Audit & Risk Committee should convene regularly at least four times during the year on quarterly basis and at least four times with the internal auditor and periodic meetings with the external auditors.

➢ Audit & Risk Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Jamal Abdullah Al-Saleem	Chairman	Non-Executive
Mr. / Ghazi Al-Oseimi	Member	Non-Executive
Mr. / Soud Abdulaziz Al-Mansour	Member	Independent

➢ Audit & Risk Committee Meetings

#	Date	Attendance	Topic of Discussion
1	14/1/2015	3	Discussion & approval of Compliance management report and Money laundering & terrorism financing report
2	23/3/2015	6	Discussion of 2014 financials
3	7/5/2015	8	Discussion & approval of the internal audit report for the period ending 31 December 2014
4	12/5/2015	6	Discussion & approval of financial quarter report for the period ending 31 March 2015
5	30/7/2015	3	Discussion & approval of Compliance management report and Money laundering & terrorism financing report
6	9/8/2015	6	Discussion & approval of financial quarter report for the period ending 30 June 2015
7	19/10/2015	7	Discussion & approval of the internal audit report for the period ending 31 June 2015
8	12/11/2015	6	Discussion & approval of financial quarter report for the period ending 30 September 2015

B. Remuneration & Nomination Committee

The remuneration & nomination Committee consists of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. And it convenes at least once a year.

➢ Remuneration & Nomination Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Jamal Abdullah Al-Saleem	Chairman	Non-Executive
Mr. / Soud Abdulaziz Al-Mansour	Member	Independent
Mrs./ Amani Ebrahim Al-Omani	Member	Non-Executive

➢ Remuneration & Nomination Committee Meetings

#	Date	Attendance	Topic of Discussion
1	2/3/2015	4	Discussion of the results of the employees annual assessment and discussion of bonuses and increment of company employees
2	14/5/2015	3	Discussion & approval of the policy of grading system, salary structure and bonuses

C. Investment Committee

The investment Committee consists of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. And it convenes at least four times a year.

➢ Investment Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Mishal Nasser Habib	Chairman	Executive
Mr. / Hassan Kamal Caedbey	Member	Non-Executive
Mr. / Jamal Abdullah Al-Saleem	Member	Non-Executive

➢ Investment Committee Meetings

#	Date	Attendance	Topic of Discussion
1	15/2/2015	3	Discussion of an investment opportunity in a land in Sharjah
2	11/3/2015	3	Discussion of an investment opportunity in real estate in Germany
3	26/3/2015	3	Discussion of an investment opportunity in real estate in Germany
4	21/9/2015	2	Discussion of regional & international investments
5	24/12/2015	2	Discussion of regional & local investments

D. Governance Committee

The governance Committee consists of (3) members at least. The committee member should have the appropriate scientific qualifications and knowledge of the financial and administrative aspects of the company's business. And it convenes at least once a year.

➢ Governance Committee consists of following board of directors members

Name	Position within the Committee	Membership
Mr. / Soud Abdulaziz Al-Mansour	Chairman	Independent
Mr. / Hassan Kamal Caedbey	Member	Non-Executive
Mr. / Ghazi Al-Oseimi	Member	Non-Executive

➢ Governance Committee Meetings

#	Date	Attendance	Topic of Discussion
1	13/5/2015	3	Ratification of the first Governance Committee meeting minutes in 2014, approval of Strategia governance & transparency report for the financial year ending 31 December 2014, discussion of corporate governance reports issued by the company to CMA for the fourth quarter of 2014 & the first quarter of 2015

12. Shares Dealing

Shares dealing policy applies to the board members as well as to the member of the executive team, employees of the company and subsidiaries and the alike. In addition, this policy is communicated to any third party who may have access (owing to a contractual relationship with the company, or a personal relationship with any of the company's staff members) to sensitive information related to the share price.

➢ Purposes of the shares dealing policy:

Ensure that the board members and the member of the executive team, employees of the company and the alike are aware of the fact that they are not allowed to deal in the shares of the company, directly, indirectly or through third parties by disclosing sensitive and non-public share price related information to them, for example and not limited to:

Annual, semi-annual and quarterly reports, information on the company's forecasts and trading potentials, disclosure of the dividends proposed by the board of directors, or any changes to the company's dividends policy, Expansion plans, including access to new markets or establishment of investment portfolios and funds, strategic alliances or any proposed mergers or acquisitions through company's restructuring programs, disposal of any of the company's shares by a key shareholder, changes to the board structure, any potential dispute that might constitute a critical lawsuit, Set up a framework for employees to follow for dealing in shares, and highlight the consequences of non-compliance with such policy.

➢ Prohibition of dealing in shares

The members of the board as well as the executive team and the employees are not allowed to deal, directly or indirectly, in the company's shares during the prohibition periods. The prohibition period is ten (10) days before end of the annual, semi-annual and quarterly fiscal periods, and continues until the interim financial statements are officially disclosed for the capital market and CMA. As for the annual financial statements, their prohibition period continues until such statements are approved by the general assembly, and dealing in the company's shares at any point of time requires official approval by chairman of the Audit & Risk Committee for the board members and the CEO, and chairman of the board for the chairman of the Audit & Risk Committee, and the CEO for the company's employees. Members of the board and the executive team as well as the employees are not allowed to deal in the company's shares unless written approvals are obtained from the competent individuals as mentioned above. Additionally, board members must inform the Compliance Officer or the company's Board Secretary, on annual basis, of the number of the shares they possess. The Audit & Risk Committee shall be responsible for reviewing "Shares Dealing Policy" and recommending any required amendments.

13. Shareholders who own 5% or more from the company shares as of 31/12/2015

Shareholders	Number of Shares	Ownership
Privatization Holding Company	**75,386,174**	**25.129%**
National Industries Group Holding	**19,277,278**	**6.426%**

14. Disclosure of Board Members' Transactions:

Below are the dealings in the company's shares during 2015, conducted by the board members and their first degree relatives:

Member	Relation	Total sale (of shares)	Total purchase (of shares)
None	None	None	None

Board members and their first degree relatives did not conduct any dealings in the company's shares during 2015. We seek to develop the performance of our services, and be more transparent in all our dealings with shareholders and investors.

15. Ordinary General Assembly

Strategia's General Assembly Meeting was held on 20 May 2015 at the premises of Ministry of Commerce and Industry, Kuwait City, and the following was decided:

a) Ratification of the board's report on the company's activity and financial position for the fiscal year ending on 31/12/2014.
b) Reading out the (financial or non-financial) penalties imposed by the regulatory bodies on the company for the fiscal year ending on 31/12/2014; (**NONE**).
c) Ratification of the auditor's report for the fiscal year ending on 31/12/2014.
d) Ratification of the company's balance sheet, as well as profit and loss account for the fiscal year ending on 31/12/2014.
e) Approval of the board's suggestion not to make any profit distributions for the fiscal year ended on 31/12/2014, and to forward the profits to the shareholders' equity.
f) Approval to authorize the Board of Directors to buy or sell company's shares not exceeding 10% of its shares.
g) Approving the board members' remunerations for the year ending 31/12/2014.
h) Authorizing the board to deal with the related parties based on the same terms and conditions of dealing with third parties.
i) Clearing The Board of Directors and the auditor from liabilities toward the company for the fiscal year ending on 31/12/2014.
j) Reappointing the external auditors for 2015 and specifying their fees.

The Company has published the financial information relevant to the general assembly on the company's website; www.strategia.com.kw, on 25 May 2015.

16. Delegation and Authorities of the Executive Management

The board of directors is keen to support and guide the executive management with a view to achieve the company's objectives clearly and transparently under the umbrella of corporate governance.

a) Matters Retained for the Board

According to the instructions of all regulatory bodies and CMA's resolution No. 7 of 2010 and its executive by law issued in November 2015 – Book 15 – Corporate Governance Rules and Corporate Discipline Standards, the board of directors may delegate certain matters, retained for the board, for the board committees of executive management. If necessary, the executive management is delegated according to general or specific delegations, with clear instructions on the authorities of the executive management. Matters retained for the board are summarized as follows:

Review and approve the company's annual budget and strategy, board membership, total salaries and remunerations of the executive management, the company's capital structure, financial reports and controls, internal control, general risks, approve the contracts and expenditures (which exceed the authority limit of the executive management) as per the applicable policy, approve the company's governance policy, and review and approve the general policies.

17. Performance Evaluation of the Board and the Board Committees

Based on its keenness to enhance its performance, improve the effectiveness of its resolutions, and add value to the shareholders, the board has decided to evaluate its performance and that of the board committees by end of 2016. As such, the board members will complete a special performance evaluation questionnaire. The questionnaire will cover the effectiveness of the chairman and the CEO, the operating performance, corporate governance as well as the leadership and culture.

The board has also decided to set a road map to rectify any gap during 2016, which will contribute to the enhancement of the board's performance and efficiency. In addition, the board is committed to enhance its performance and efficiency, and to create corporate values for the company and shareholders.

18. Executive Management

The Company's executive management handles the day to day activities. It is headed by the Chief Executive Officer who is responsible, towards the board of directors, for the company's operating management, development, recommendations, as well as the application of strategies, policies and internal control framework.

➢ Executive Management

The members of the Executive management are professionals with an extensive investment experience in local and international investment markets, with strong International Academy certifications and practical experience are grouped roughly 170 years as shown in below table:

Mr. Mishal Nasser Habib
Vice Chairman & CEO
Mr. Mishal has joined Strategia since March 2011. He was appointed as Managing Director by the Board of Director to manage the Company daily business. He has succeeded to highlight his effective role in the company's growth plans moving forward. Mr. Mishal Habib was the Chief Executive of the company since August 2014.
He holds a Diploma in Computer Science and Bachelor in Accounting from Kuwait University. He has also completed the Intensive Credit Program in 1998 and the Harvard Executive Program for Leadership Development in 2007. From 2000, Mr. Habib has been serving as a Guest Speaker in the Institute of Banking Studies. His experience in the field of investments and financial services is more than 19 years.

Mr. Vijay Kulkarni
Financial & Risk Consultant
Mr. Vijay has joined Strategia Investment Company since May 2012 as a risk consultant for the executive team.
He has got master in Business Administration and finance from one of the greatest schools in India. He has an extensive experience up to 39 years in executive and risk management in many of Kuwaiti and Indian banks. He also has many other academic certificates.

Mr. Harry Milne
International Investment Consultant - USA
Mr. Harry has joined Strategia Investors Inc. since 2007 as a consultant.
Member of the global real estate consultancy group (CRE).He has 26 years of experience in the field of investment in real estate, fixed income and equity.

Mr. Ahmed Sobhy

Chief Financial Officer

Mr. Ahmed Has joined Strategia since 2012 as chief financial officer. He is responsible for monitoring all financial operations, financial planning and records. He is also responsible for submitting financial reports to top management.

He got Bachelor in Accounting from Cairo University in 1995 and CMA in 2004 and many other certified courses and certificates in financial sciences, financial analysis, internal audit and accounting.

Mr. Essam Al-Yousef

Chief Risk Management & Compliance Officer, AML - Chief Officer

Mr. Essam has joined Strategia Company since July 2009 as Chief of Risk Management & Compliance Officer. He is also responsible for Anti Money Laundering, fighting financing terrorism and corporate governance to ensure the company's compliance to the highest standards in the risk management field through his experience of over 19 years. He got Bachelor in Accounting from Al-Balqa University- Jordan- in 1993, in addition to CPA, CCAML from Henly London, Corporate Governance Program - London (CG), MBA from University of Baylor, a certificate in Certified Operational Risk Management (CORM) from International Academy in 2014, and carrying a license in Certified Risk Management & Compliance (CRCMP). He has attended numerous training courses in the area of Finance, Risk Management, and Business Administration.

Mr. AbdulAziz Al-Jassem

Senior Vice President - Business Development & Private Equity Department

Mr. AbdulAziz has joined Strategia since Nov. 2007 as Senior Vice President – Business Development. He is responsible for international real estate assets management as well.

He holds Bachelor of Science in Business Administration (BSBA) from Sufflok University (U.S.A). He has more than 11 year's extensive experience in international investments.

Mr. Raed Al-Sadhan

Senior Vice President – Administration & HR Division

Mr. Raed has joined Strategia in 2006; he started as a Vice President in the Administration & HR Division and was promoted as a Senior Vice President in January 2011. He manages all activities related to Human Resources, Information Systems Management and all ongoing administrative issues of the company.

He graduated from Helwan University (Egypt) in 1996 with Bachelor in Business Administration. He has attended many academic courses in his field. He also brings with him rich previous experience of nine years in other prestigious organizations.

Mr. Burhan Kamali

Vice President - International Investments

Mr. Burhan Kamali joined Strategia Investment Company in January 2011 as a Senior Investment Analyst and was promoted as a Vice President – International Investments Department in November 2012. In his role, he analyzes and evaluates the various investment opportunities as needed by the clients and strengthens the products platform offered by the company. He received his Bachelor of Arts Degree, majoring in Banking and Financial Management from Applied Science University in Jordan in 2004. He got his CFA charter in 2012.

Mr. Fahad Al-Osaimi

Vice President – Local & Regional Investments

Mr. Fahad has joined Strategia in October 2013 as a Vice President / Local & Regional Investments Division

He received his Bachelor in Accounting from the College of Business Administration - Kuwait University in 2004, in addition to many training courses in the field of financial analysis and investment and CIM. He also has extensive experience in the Local & Regional markets and in the field of analysis and trading.

- **Total Remunerations Paid to the Executive Management in 2015**

Employees Categories	No. of Employees	Fixed bonuses Thousand KWD	Variable Bonus Thousand KWD		Total Thousand KWD
			Cash	Shares	
Senior Management	9	26,174	74,381	-	100,555

* It is important to note that the remunerations and incentives relevant to the company's performance are calculated according to the individual performance evaluation mechanism within a general framework approved by the board of directors. Such evaluation is being performed and approved for all members of the executive management.

19. Related Parties Transactions

Transactions of related parties are subject to the board approval
Related parties include our shareholders, board members, key administrative officers, as well as the companies with great influence on our company. Related parties' transactions are completed pursuant to the relevant terms and conditions approved by the company's Executive Management or Board of Directors.

20. External Auditor

General Information

Deloitte & Touche Al-Wazzan & Co
Auditors' register No. 62, Category A

"Deloitte & Touche" is a trademark dealing with dozens of thousands of the professionals in independent companies around the globe, offering services like audit, advisory, financial advisory, corporate risks, and tax for certain customers.

Horwath Al Muhanna & Co
Auditors' register No. 152, Category A

"Horwath Al Muhanna" is a leading company established in 1978 and offers a spectrum of professional services including accounting, taxation and advisory. Its customers vary from commercial companies to big companies and institutions.

- **External Auditor's Appointment Policy**

  - The External Auditor's Appointment Policy defines the external auditor's framework, scope, and authorities with emphasis on allowing external auditors to perform their assignments freely and independently. It also defines the conditions required for the Auditor selection, where the Board of Directors raises its recommendations for selection to be presented for the General's Assembly opinion and approve recommendations.
  - The general assembly meeting held on 20 May 2015 approved the reappointment of Deloitte & Touche - Badr Al Wazzan, as the first auditor of the company, and Horwath Al Muhanna - Rabea Saad Al Muhanna, as the second auditor of the company for 2015, against fees of KD 10,000. No other external auditor has been engaged to provide any sort of financial statements auditing during 2015. Additionally, external auditors are not required to handle any internal control related issue, whereas the company's internal control tasks have been assigned to Grant Thornton, as per the internal audit plan approved by the Audit & Risk Committee and the Board of Directors.

- In line with the disclosure and transparency provisions issued by the CMA, CBK as well as other regulatory bodies, the company's financial statements for the fiscal year ended on 31/12/2015 have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), with a view to increase the level of the board's transparency and compliance, and to provide the shareholders and public with financial statements reflecting the company's real financial condition.

➢ **Relationship with the External Auditor**

The Audit & Risk Committee oversees the external auditor's appointment policy, and maintains good relationships with the auditors. The company's relationship with the auditors is determined through the following duties of the Audit & Risk Committee:

1. Approve the external auditor's appointment policy and present the same to the board of directors.
2. Study the recommendations to be presented to the shareholders on the appointment, reappointment, or removal of the company's external auditor, and submit the same to the board for approval in the annual general assembly meeting.
3. Monitor the external auditor's independency and objectiveness, and discuss its nature and scope and efficiency of work as per IFRS.
4. Explore any suggestion to appoint an external auditor to provide services, other than Accounts Auditing, to the company or subsidiaries, and ensure adherence to the schedules as per the corporate governance law.
5. Foster a suitable environment for cooperation between the external and internal auditors.
6. Appointment of one external auditor or more for one year renewable by the general assembly.
7. The Company's external auditor must be enlisted in the Accountants and Auditors Register as per CMA and CBK Executive Regulation organizing the profession of accounting and auditing.
8. According to the governance rules, CMA's Executive Regulations, and the instructions of other regulatory bodies, the external auditor should not be party to any agreement, or agent for any of the company's founder members, board members or any of their relatives to the fourth degree of relationship.
9. Selection of an external auditor depends on the efficiency, reputation and experience of the external auditor. In the event where the board of directors or the general assembly does not accept the Audit Committee's recommendations regarding the selection, appointment, resignation, or removal of the external auditor, the board of directors must include, in the company's governance report, a statement of such recommendations and the reasons for refusal.

21. Internal Control

➢ **Internal Control System**

1. Our board of directors is responsible for monitoring and reviewing the effectiveness of the internal control, for protecting the assets, maintaining sound financial statements, and revealing errors and violations. The board of directors is committed to review the Audit & Risk Committee's report on the internal control activities and periodic reports.

2. Internal Control involves setting a clear organizational structure, documentation of policies and guidelines, and identification of authorities, delegations and performance control mechanisms set up to monitor the company's operations effectively and regularly, and to ensure compliance with the corporate governance rules issued by the regulatory bodies.

➢ The Board's Role in Internal Control

1. The board accepts full responsibility for reviewing the internal control system and ensuring its effectiveness.
2. The board is fully responsible for ensuring that the Top Management develops and applies an effective internal control system providing reasonable guarantee for having efficient and effective operations, presenting accurate financial reports, and complying with the laws and legislations as set forth in CMA's law and its executive by law – book 15 – regarding the Governance Rules and Corporate Discipline Standards.
3. The board has delegated the following to the Audit & Risk Committee:

   3.1 Review the Risk Management Department's systems and the internal controls once a year to ensure, by means of applying suitable and effective controls that systems and control are adequate to mitigate all risks encountered in the course of achieving business objectives. The audit must include financial data control, operations and risk management.

   3.2 The review procedures adopted by the company to identify, assess and manage great risks.

   3.3 To review changes made, since the last review, to the nature and extent of great risks, and the company's ability to adapt to any change in the operations and external environment. The Committee is also responsible for the scope and nature of the activities of controls applied to risks and internal control systems as well as the external audit processes, review the weaknesses and defects of the internal control system or unexpected emergencies that have materially affected or may materially affect the company's financial position, and review the procedures applied by the company for tackling the control's essential issues, review the company's compliance with the applicable laws and regulations, and whistleblowing policy.

4. According to the instructions of CMA, CBK and the other regulatory bodies, and CMA's resolution No. 7 of 2010 and executive by law issued in November 2015, the company's board of directors has delegated to the Audit & Risk Committee the responsibility for reviewing the efficiency of the company's applicable internal control system. Based on the review outcomes and the available information, the Audit & Risk Committee confirms that the internal control system is designed effectively and appropriately, and is applied efficiently to achieve the company's objectives.

➢ Internal Control System's Mechanism

Our Internal Control System is comprised of a group of procedures applied by the board of directors, the executive management, as well as the company's employees. Such procedures are designed to provide reasonable, not ultimate, guarantee for achieving the following objectives:

1. **Risk management**: ensure identifying the risks and controls required for achieving the company's objectives.
2. **Operations' effectiveness and efficiency:** To conduct operations in a precise way with pre-approved procedures to ensure expected accuracy and smooth customer's service.
3. **Authenticity of Financial Reports:** ensure presenting authentic financial statements and information to the board, shareholders and Top Management.
4. **Adherence to applicable laws and legislations**: adhere to the laws and regulations governing the company, to avoid harming the company's image or receiving penalties.

The Internal Control System aims to set the pillars of internal controls, document and maintain the same properly, and abide by the same throughout the company's business unit.

➢ Internal Control Management

Internal Control Management operation is responsible for ensuring that the procedures applied for monitoring the company's operations have been designed properly and are applied effectively according to the company's annual plan approved by the Audit & Risk Committee delegated by the board of directors.

1. Internal Control Management is responsible for preparing reports on the effectiveness and efficiency of the internal control systems applied by the company. Inclusive of the ideas and recommendations aimed to enhance the internal control systems, the reports should be presented to the Top Management and the Audit & Risk Committee delegated by the board of directors.
2. Based on a recommendation from the Audit & Risk Committee and final approval of Board of Directors, the Internal Control appoints Compliance Officer with clear and independent supervision responsibilities covering the company's extent of compliance with the laws, regulations, and internal procedures. The Compliance Officer is responsible for monitoring the control of the company's activities; ensuring compliance with the laws as well as internal and external systems; and amending and updating the procedures used by the compliance control systems to ensure that work activities are performed in line with the highest standards applicable.
3. Internal Control Management provides a reasonable confirmation to the Audit & Risk Committee, delegated by the board of directors, regarding the operations effectiveness in achieving the Company's objectives.
4. Internal Control is managed in cooperation with the Risk and Compliance Management Department, and Internal Control Firm (Grant Thornton) as part of the internal audit and control plan reviewed by the Audit & Risk Committee on annual basis for proper recommendation of the same.

➢ Internal Control Approach for Solving Significant Problems:

Internal Control performs its duties through five key departments (Finance and Accounting Department, IT Department, Investment Department, Administrative Affairs Department, and Risk and Compliance Management Department)where the Internal Control studies the company's big issues in details through the five departments, based on the nature of the issue, providing effective recommendations for solving the problem, to the Executive Management and Audit Committee, and regularly monitors the application of recommendations and provides relevant reports to the Audit & Risk Committee.

22. Enterprise Risk Management

1. The Company is committed to keep the risk management systems in line with the latest international criteria and standards in order to sustain our capabilities and efficiencies in that regard.
2. The Company believes that the strategic and applied efficiency and the practices adopted through "Corporate Risk Management" are a basic requirement of all the Company's departments.
3. The Corporate Risk management works persistently to set up the best frameworks and methodologies through which the Company can maintain its assets, possessions and development on the one part, and protect the interests of shareholders and stakeholders on the other part in addition to maintaining its compliance with the laws and regulations applicable in the fields of investment and operating activities practiced by the Company.
4. The Company has developed its own comprehensive scope for risk management based on relevant international methodologies. This scope is in line with the diligence, compliance and general policies adopted by the Company to define, assess and monitor the risks threatening it and to report the same to the concerned parties through appropriate methods.
5. Through that scope, the department in charge of risk affairs will periodically detect and assess the company-related risks and discuss the same with the Chairman and the executive management team in order to specify the best methods to deal with the risks that the Company may face. This ensures that the Risk Management Department is in line with the Company's strategic and commercial goals.
6. The Company is also working on implementing some procedures and practices to develop the business activities and increase the practical efficiency for dealing with the risks in such a significant department.
7. The Risk Management Department's Head works on presenting a periodic report on the Company's risk indicators in addition to submitting a semiannual report to CMA on the Company's risks. Such report shall be presented to the Audit & Risk Committee and the Board.

23. Whistleblowing Policy

- The Corporate Governance Manual includes the whistleblowing policy expressed through reliable procedures urging the employees to disclose any potential violations. The responsibility for overseeing and implementing the whistleblowing policy was assigned to the Company's Internal Control and responsible for providing the appropriate atmosphere for facilitating such job.

24. Disclosure and Investors Relations Policy

- We keep publishing all explanatory information and disclosures related to our operations and activities in a way that ensures sound dealing and gives confidence to shareholders and investors wherever required.
- As per the instructions of the CMA's Executive Regulations, the Company has followed the Shareholders Disclosure and Communication Policy requiring the Company to immediately disclose all quarterly and annual financial statements once they are finalized and approved by CMA. Besides, the Company complies with disclosing all essential information which affects

the Company's financials and shareholders' equity. Furthermore, the Board is keen on reporting and disclosing, to the official authorities, shareholders and the public, the information that may affect the Company's share price and performance, once such information is available.

- The Company's Board of the Directors and Executive Management dedicated their efforts to provide communication channels so that the shareholders can contact them not only through the general assembly meetings, but also through the open door policy followed by the Company.

25. General information's about Stock Performance

SIC share performance market in 2015					SIC share performance in comparison with market index for year 2015		
Date	**High Price/Fils**	**Low Price/Fils**	**Closing Price**		**Date**	**Market Index**	**SIC Share Price / Fils**
31 Jan 2015	59	59	59		**31 Jan 2015**	6572.26	59
29 Feb 2015	74	74	74		**29 Feb 2015**	6601.43	74
31 Mar 2015	75	75	75		**31 Mar 2015**	6282.46	75
30 Apr 2015	47.5	47.5	47.5		**30 Apr 2015**	6377.00	47.5
31 May 2015	60	60	60		**31 May 2015**	6292.46	60
30 Jun 2015	50	50	50		**30 Jun 2015**	6202.95	50
31 Jul 2015	50	50	50		**31 Jul 2015**	6253.71	50
31 Aug 2015	50	50	50		**31 Aug 2015**	5820.56	50
30 Sep 2015	41	41	41		**30 Sep 2015**	5725.96	41
31 Oct 2015	40.5	40.5	40.5		**31 Oct 2015**	5775.36	40.5
30 Nov 2015	35	35	35		**30 Nov 2015**	5802.36	35
31 Dec 2015	33	33	33		**31 Dec 2015**	5615.12	33

26. The Company's Highlights During 2015

- During the second quarter of the year, the company has acquired Walpur4 a real estate company that owns property in Bad Hamburg - Germany, in partnership with a global asset management company, a partnership of 50% each.
- The company completed the procedures for transfer of ownership and registration of a property in Sharjah U.A.E. State with an approximate amount of 490 thousand Kuwaiti dinars.
- The company increased its ownership in Kuwait Financial Center Company to reach 23.38%.
- The most prominent event also in 2015 was the extraordinary annual general meeting, Capital Markets Authorities and other regulators' approval for the optional withdrawal of Strategia from Kuwait Stock Exchange.

27. Sustainable Development and Social Responsibility

From our responsibility towards society and our ongoing commitment to ethical role performance as required by laws and general norms and the importance of the broad concept of this responsibility and its impact on society as a whole, Strategia continues to focus on sustainable development and seeks to have an active role in the development of society through initiatives and partnerships that contribute to the interests of different segments of society.

The role of the company towards the social responsibility ensures, to some extent, to support all members of society to its goals and its development mission and recognition of its existence, as well as contributing to the needs of society and life and living requirements, in addition to creating new employment opportunities through participation in charitable and social projects of developmental nature.

The social responsibility takes Strategia beyond charity work, as it shows how the company manages economic, social and environmental impacts as well as our relations in all the key areas of these aspects.

Our community services include:

- **Our Human Resources**

The human element is the most important resource of the company, so it is important to keep all the social responsibilities towards it and to develop and apply a strong relationship between the company and its employees. Some of social practices adopted by the company in this frame are:

1) Provide an opportunity for fresh graduates to raise their abilities and contribution in society
2) Support national workforce.
3) Rewards and incentives for personnel in accordance with the principle of efficiency and trustworthy.
4) Raise the morale of employees and spread the spirit of cooperation, motivation and encouragement among them.
5) Training and development. The company has launched several courses and training programs aimed to develop the skills of its staff and to expand their knowledge.
6) Safety and sound lifestyle.
7) Staff members' commitment to work.
8) Business diversification.
9) Integrity and credibility of business.
10) Recruitment and retention.
11) The company's commitment to apply the related laws and regulations and executing them fairly with its employees.

- **Social Initiatives**

In pursuit of the company's management in participation, and contribution with the humanitarian initiatives to the categories that need support and care, Strategia Investment Company supported the Kuwaiti Association for Down Syndrome, one of the associations of public benefit publicized by the Ministry of Social Affairs and labor that's dealing with people with intellectual disabilities specially down syndrome category. Its goal is to care about this category from both gender and all age groups to rehabilitate and develop their mental abilities as well as individual and collective skills through the provision of educational and rehabilitative activities for them to be effective agents in the society in which they live.

Previously, Strategia Investment Company had donated the Kuwaiti Association for Down Syndrome in 2014 to contribute in supporting the activities to this category of persons with disabilities and has had a positive impact on them.

- **Support of National Workforce**

Our interest in human development, particularly national resources, constitutes one of the most important pillars of our social responsibility. During 2015, some staff attended many courses organized by the Union of Investment Companies as well as attending a training program organized by the Institute of Banking Studies in order to qualify them on the vocational level and increase their practical expertise, which shall help the national economy to grow.

The Company's Office in USA trained qualified Kuwaiti fresh graduates, providing them with comprehensive knowledge about evaluation of investment opportunities, strategies and finance.

- **Internal Policies**

Strategia seeks to have the corporate social responsibility integrated in the day-to-day company's operations. It looks for the proper coordination and communication between the company and all functional units, where the commitment towards social responsibility is translated to specific goals and included in corporate policies and procedures.