

# Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide

The Chairman of the Board of Directors of the Securities and Commodities Authority,

Having perused;

Federal Law No. (10) of 1980 concerning the Central Bank, the Monetary System and the Regulation of the Banking Profession, as amended;

Law of Civil Transactions enacted under the federal law No. 5 of 1985;

Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market, as amended;

Federal Law No. (12) of 2014 on the Organization of the Auditing Profession

Federal Law No. 2 of 2015 concerning Commercial Companies

Federal Decree No. 130 of 2017 concerning the Formation of the Cabinet of the United Arab Emirates, as amended

Cabinet Resolution No. (12) of 2000 concerning the Law of Securities and Commodities Listing, as amended.

The Cabinet Resolution No. (13) of 2000 concerning the Regulation of the Securities and Commodities Authority Functioning, as amended;

The Cabinet Resolution No. (14/8W) of 2017 concerning the Restructuring of the Securities and Commodities Authority Board;

The Cabinet Resolution No. (2) of 2018 concerning the Social Responsibility of Companies and Enterprises;

The Authority's Board of Directors' Decision No. 3 of 2000 concerning the regulations as to disclosure and transparency;

The Authority's Board of Directors' Decision No.7 of 2002 concerning the Listing of Foreign Companies;

The Authority's Board of Directors' Decision No.43/R of 2008 concerning Dual Listing;

The Authority's Board of Directors' Decision No. 25 of 2015 concerning the Registration of Auditors of Public Joint Stock Companies and Mutual Funds;

The Authority's Board of Directors' Decision No. 7/ Chairman of 2016 Institutional Discipline and Governance of Public Joint Stock Companies Standards;

The approval of the Authority's Board of Directors at its twelfth meeting of the sixth session held on 15/12/2019

And as required by the public interest;

# **Article (1)**

## **Guide Approval**

The joint stock companies governance guide attached to this decision shall be approved.

# **Article (2)**

## **Cancelation of Conflicting Provisions**

The Authority's Board of Directors' Decision No. 7/Chairman of 2016 Institutional Discipline and Governance of Public Joint Stock Companies Standards shall be cancelled. Every circulation or controls breaching or conflicting with the provisions stipulated in this decision shall be cancelled.

# **Article (3)**

## **Decision Publication and Application**

The present decision shall be published in the official Gazette and shall be applied after 60 days from the date of its publication.

Eng./ Sultan bin Saeed Al-Mansoori  
Chairman of Board of Directors  
Issued in Abu Dhabi on 2/2/2020 A.D.

### **Introduction**

Corporate Governance Guide provides the framework necessary for regulating the company affairs. The provisions stipulated therein are based on the provisions stipulated in the federal law No. 2 of 2015 concerning commercial companies.

The present guide focuses on application of its articles, and its clauses are formulated in simple and clear way. All public joint stock companies are expected to comply with the regulation. The Securities and Commodities Authority will supervise the present guide application in its capacity the regulator of the listed companies.

The main pillars of the corporate governance consist of accountability, fairness, disclosure, transparency and responsibility.

The corporate governance is focused on guiding and supervising the companies. It consists of a set of controls and rules that ensure institutional discipline in the company relations and management. The framework complies with the international standards in terms of defining the responsibilities and duties of the members of board of directors and executive management. It observes also protection of rights of shareholders and stakeholders and their supervision and agency towards achieving the company sustainability.

# **Chapter (1)**

# Introductory Provisions

## Article (1)

### Definitions

In application of the provisions hereof, the following words and phrases shall bear the meanings assigned thereto, respectively, unless the context otherwise requires:

State: The United Arab Emirates.

Companies Law: Federal Law No. (2) of 2015 Concerning Commercial Companies.

Law: Federal Law No. (4) of 2000 A.D Concerning Emirates Securities & Commodities Authority and Market, as amended.

Government: Federal government, any government of member emirates and any authority, body, council, institution, entity or governmental company, wholly owned, directly or indirectly, by any of them.

Authority: The Securities and Commodities Authority.

Market: Securities Market licensed in the State by the Authority.

Company: Public Joint Stock Company listed in the Market.

Board: Company Board of Directors.

Senior Executive Management: The executive management of the Company, including the General Manager, the Executive Manager, Chief Executive Officer, and the Managing Director delegated by the Board to manage the Company, and their deputies.

Company Manager: The Managing Director, Chief Executive Officer, Executive Manager or General Manager of the Company, who are appointed by the Board.

Board Member A natural person or a representative of a legal person, who is a Board member.

Transaction: An event that may affect a listed public joint stock company assets, liabilities and net value in terms of transactions, contracts or agreements concluded by the company and any other transactions determined by the Authority from time to time under decisions, instructions or circulations issued thereby.

Material Information: Any information, event, decision, or fact that may directly or indirectly affect a company security price or trading volume or has an impact on an investor decision, including for example but not limited to information or decisions related to the following:

1. Distribution of profits.
2. Increase or decrease of the company capital.
3. Change in member of the Company Board or its senior executive management.
4. Change of the Company activity or objective.
5. The Company acquisitions or mergers.
6. Restructuring, optional liquidation or bankruptcy of a Company or Parent, Subsidiary, Sister or Affiliate Company.
7. Credit rating report and any updates thereto.
8. Significant changes in the Company assets if it reaches 5% or more of its capital.

9. Financial contracts and obligations concluded or terminated by the Company once it reaches 5% or more of its capital.

10. Company Issuance of bonds or sukuk and any change thereto.

11. Company Transactions and dealings with the related parties.

12. The activity suspension of the Company, any of its branches or the Parent, Subsidiary, Sister or Affiliate Company.

13. Any judicial lawsuit in which the Company or any of its Board members or senior executive management members is a party ex officio.

14. Accumulated losses exceeding (20%) of capital.

The Board may determine any other information, decisions, events or facts that are material.

**Stakeholders:** Any person who has an interest with the Company, such as the shareholders, employees, creditors, suppliers, and potential investors.

**Control:** The ability to direct management and policies of the Company and control financial and operational policies through controlling the following: formation of the Board, election of the majority of its members or control of the administration appointments. The control shall be materialized by acquisition/ control of shares that have voting rights of 30% or more in the company.

**Parent Company:** A company related to a subsidiary company through any of the following relationships:

1. Has the rights to exercise or already exercises the control on the subsidiary company.

2. A parent company of the parent company relating to the subsidiary company.

**Subsidiary Company:** A company under the parent company umbrella.

**Sister Company:** A company belongs to the same group to whom another company belongs.

**Affiliate Company:** The company associated with another company under a cooperation and coordination contract.

**Cumulative Voting:** Each shareholder has a number of votes equal to the number of shares owned thereby so that it may vote for one candidate for the membership of the Board or divide the same among the selected candidates, provided that the number of votes it gives to the candidates it chooses shall not exceed the number of votes in its possession.

**Related Parties:** The Chairman and members of the Company Board, members of the Senior Executive Management of the Company, employees of the Company, and the companies in which any of such persons holds 30% or more of its capital, as well as subsidiaries or sister companies or affiliate companies.

**Executive Board Member:** A member that holds a position in the Company or receives a monthly or annual salary therefrom.

**Non-Executive Board Member:** A member that neither holds any position in the company, nor receives a salary therefrom, and the remuneration it receives as a Board member shall not be considered as a salary.

**Independent Board Member:** A member that has no relationship with the Company, any of its Senior Executive Management persons or its auditor, parent company, subsidiaries, sister company, or affiliate company in a manner that may lead to financial or moral benefit that may affect its decisions. A member forfeits its independence capacity in the cases stipulated in this Decision.

**Relatives:** Father, mother, brother, sister, children, spouse, father-in-law, mother-in-law, and children of the spouse.

**Compliance Officer:** A person appointed by the Company to verify its compliance

as well as the compliance of its staff with the provisions of the law, and the regulations and decisions issued pursuant thereto, as well as with the company internal policies and procedures.

**Corporate Governance:** A set of controls and rules that ensure institutional discipline in relationships and management in the Company in accordance with international standards and methods through identifying the responsibilities and duties of the Board members and the Senior Executive Management of the Company, taking into account the protection of the rights of shareholders and Stakeholders.

**Listing Rules:** Listing controls and requirements specified by the law, regulations, and resolutions issued pursuant thereto, as well as the internal by-laws of the Market.

**Disclosure Rules:** The disclosure controls and requirements stipulated in the law, regulations and resolutions issued pursuant thereto, as well as the internal by-laws of the Market.

**Compensations:** The amounts received by employees or workers of the Company or its Board from the Company, such as salaries, bonuses, attendance allowance, transportation allowance, and any other allowances or benefits under any other label.

**Material Event** An event that may mainly affect the company ability to create value on short, medium, long term.

**Dual Structure:** A governance structure wherein the administration and supervision are separated through two committees: control committee and executive committee.

**Control Committee:** A decision-making body in the dual structure, consisting of Board members and responsible for control of the Board, Executive Committee and the Company administration.

**Executive Committee:** A decision-making body in the dual structure, consisting of Board members and responsible for direct control of the Company business.

**Proxy Voting :** An authorization of the voting right by a person to another person.

**Electronic Voting:** A type of voting that uses electronic means to either assist in or perform the process of collecting and counting the votes.

**Shareholder:** Any person owns at least one share in a company.

**Risk Management:** Guidelines, principals, processes and procedures related to risk management as determined by the Board.

**Internal Auditing:** A control, advisory, independent and objective activity designed to add value and improve level of the company processes.

**Internal audit function:** A Company job relates to performing the tasks of internal auditing.

**Subsidiary Company Governance:** The governance relation between the parent company and the subsidiary company.

**Integrated Disclosure:** The Company issuance of a periodic integrated report clarifies the relations between the several operational and functional units of the company and the resources they use or affect thereon. The main purpose of the integrated disclosure is to submit an integrated image about the operational, financial, social and sustainable activities of the company.

**Insider Dealings:** A prohibited dealings of purchasing or selling securities of a company subjecting to public trading during possession of material information and consist with the authority's Board of Directors' Decision No. 2 of 2001 concerning the regulations on Trading, Clearing, Settlement, Transfer of

Ownership and Custody of Securities.

Value Creation: A process of maximizing the Company investments and assets. leading to maximizing the shareholder investments.

## **Article (2)**

### **Guide Principles and Objectives**

1. This guide is based on the following principles of corporate governance:
  - A. **Accountability:** This guide sets the rules for the company accountability towards all shareholders and stakeholders, and directs the Board to develop strategy, perform supervision and guide and control the administration.
  - B. **Equity:** The Company shall oblige itself to protect shareholders' rights, ensure fair treatment for all shareholders, including minority shareholders, and give all shareholders the enough compensation for any damage caused by the Board to shareholders' rights.
  - C. **Transparency and disclosure:** The Company shall ensure that accurate and timely disclosures are made on all material matters related to the Company, including its financial affairs, performance, ownership of its shares and governance in an accessible manner by all concerned parties.
  - D. **Responsibility:** The Company shall recognize the rights of other stakeholders in accordance with laws and regulations, and encourage cooperation between the company and stakeholders in establishing sustainable and solvent companies.
2. This guide aims at developing an effective legal and regulatory framework to regulate the Company affairs, and aims in particular to the following:
  - A. Developing a framework to address and protect rights of all stakeholders.
  - B. Determining responsibilities of the Board and the Executive Administration.
  - C. Strengthening role of the Board and Committees and developing their capabilities to enhance the Company decision-making mechanisms.
  - D. Ensuring transparency, neutrality and equity in the capital market, its transactions and working environment, and enhancing its disclosure.
  - E. Providing effective and balanced instruments for dealing with conflicts of interests.
  - F. Strengthening mechanisms of accountability and control for the company administration and its employees.
  - G. Ensuring the application of effective mechanisms for risk management, internal controls and procedures of the Company.
  - H. Supporting the efficiency of system of auditing the Company and its instruments.
  - I. Raising the awareness of companies in relation to the concept of professional behavior and encouraging ethical behavior.
  - J. Ensuring that the Company applies the investor relationships policy that will support regular, effective and fair communication with shareholders.

## **Article (3)**

### **Scope of Guide Application and Validity**

Taking into account the provisions of the Companies Law and the Federal Law No. (10/ 1992) concerning Evidence in Civil and Commercial Transactions, and Federal Law No. (11/1992) concerning Civil Procedures, this guide shall be applied to Local Public Joint Stock Companies listed on the market. The provisions stipulated in this guide shall not be applied to foreign companies listed in the market.

## **Article (4)**

### **Responsibility for Implementing the Corporate Governance Guide**

#### **First: The Board responsibilities**

The Company Board shall be responsible for principles and rules of corporate governance in accordance with the provisions of this Regulation and the relevant legislation. It shall monitor the governance regulation implementation and amend thereof as appropriate.

#### **Second: Documents Maintenance:**

The Company shall maintain all minutes, documents, reports and other papers needed to be maintained at the Company headquarters for a period not less than ten years, including minutes of the general assemblies, Board and its committees. In case of a judicial lawsuit (filed or to be filed against the Company) or a continuous claim or any investigation related to these minutes, documents, reports and other papers, the Company shall maintain the same until the end of lawsuit, claim or continuing investigation.

## **Article (5)**

### **Publishing of the Company Certificate of Incorporation and Articles of Association**

The Company Certificate of Incorporation shall be published along with its Memorandum of Association and Articles of Association and any amendments thereto in the Online Bulletin posted on the Authority website, unless the Authority decides otherwise.

## **Chapter (2)**

### **Board**

## **Article (6)**

### **Board Formation**

1. The Company shall be managed by a Board. Its Articles of Association shall

determine the method of forming that Board, the number of its members, and its membership terms.

2.The general assembly elects the Board members by secret cumulative voting.

3.If the Government holds (5%) or more of the Company capital, it may appoint its representatives in the Board pro rata to such percentage from the number of Board members. At least one member shall be appointed if the percentage required for appointing a member exceeds that percentage. The Government shall forfeit its right in voting in the percentage of its appointment, however, if it has holds any balance percentage not qualifying it to appoint another member, it may use that percentage in voting.

4.The Chairman and the majority of the Board must hold the nationality of the State.

## **Article (7)**

### **Board Chairman**

A.The Board shall elect, by secret voting from among its members, a Chairman and Deputy Chairman. The Deputy Chairman shall substitute the Chairman during the Chairman absence or if he is unable to attend.

B.The Board Chairman shall not hold the position of company manager, and/or Managing Director or any other executive position in the Company.

C.The Board shall be entitled to elect from among its members a Managing Director for the management, and determine its responsibilities and remuneration.

## **Article (8)**

### **Board Secretary**

1.Functions of Board Secretary:

The Board shall appoint a secretary independent of the Company management, who report directly to the Board members. The Board may seek the assistance of an external party. His authorities and remuneration shall be determined under a Board resolution, unless the Articles of Association provides for provisions relating thereto.

2.Board Secretary Qualifications:

The Board shall determine the qualifications that the Secretary shall have, provided that he shall obtain at least one of the following qualifications:

A.A degree in law, finance, accounting, administration or other equivalent qualification. He shall enjoy a practical experience not less than three years.

B.He shall be a competent person, preferably with experience not less than three years in corporate governance.

3.The Board Secretary shall preform the following functions:

A.Documenting the Board meetings and preparing their minutes, which shall include the discussions and deliberations that took place during these meetings,



and place of these meeting as well as times and dates of their start and end. Registering the Board resolutions and voting results and keeping them in a special and organized record, including the names of attendees and any expressed reservations (if any). These minutes shall be signed by all attending members.

B.Keeping all reports submitted to the Board and those prepared thereby.

C.Providing Board members with the Board meeting agenda of the meeting and the related papers, documents, and information and any additional information related to subjects contained in clauses of the agenda requested by any Board member.

D.Making sure that Board members comply with actions approved by the Board.

E.Notifying Board members of the Board meetings dates well in advance of the meeting date.

F.Submitting draft of the minutes to Board members to express their opinion thereon before signing it.

G.Making sure that the Board members, completely and immediately, receive a photocopy of the minutes of the Board meetings, information and documents related to the Company.

H.Informing the Company executive administration about resolutions of the Board and its committees and reporting on their implementation and application.

I.Supporting the Board evaluation process.

J.Coordinating between Board members and executives.

K.Regulating the disclosure record of the Board and the Executive Administration in accordance with provisions stipulated in this guide and the applicable legislation and providing assistance and advice to Board members.

4. The Board Secretary may not be dismissed only by a resolution of the Board.

## **Article (9)**

### **Controls of Nomination for Board Membership**

The Company shall comply with the following:-

1.Number of the Board members shall be proportional to the volume and nature of the company activity.

2.Board members shall collectively have an appropriate balance of skills, knowledge, competencies, experience, diversity and independence.

3.The Company Articles of Association shall determine the method of Board formation, number of the Board members and term of membership. Females shall represented at least 20% of the Board membership. The Company shall disclose the reasons behind not achieving this percentage, and disclose the percentage of female representation in the Board in its Annual Governance Report.

4.The Board shall set policies on gender diversity and its objectives and actions to meet these objectives.

5.The Articles of Association shall determine Executive Board members, Non-Executive Board members and Independent Board members; provided that majority of Board members shall be non-executive Independent Board members.

Majority of Board members shall be Non-Executive Board members who shall have the technical skills and experience required to serve the interests of the Company. In all cases, when selecting Non-Executive Board members of the Company, it shall be taken into consideration that a Board member shall be able to dedicate adequate time and effort to his/her role and that such role is not in conflict with his/her other interests.

6. Nomination for Board membership shall be opened and announced, along with inviting the general assembly, taking the following into consideration:

A. The nomination to the Board membership shall remain open for a period of ten days at least from the date of the announcement;

B. The names and details of the candidates shall be published on the notice board of the Company and on the Company website at least two days prior to the announced general assembly meeting of the Company;

C. After closing the nomination, a candidate shall not relinquish his/her nomination to another person; and

D. The Authority and Market shall be provided with a list of candidates' names in the day following the nomination closing.

## **Article (10)**

### **Terms of Nomination for Board Membership**

A Board membership candidate shall meet the following requirements:

1. The candidate shall have at least five-year experience in the field of the Company wherein he/ she is nominated for its Board membership.

2. The candidate shall not have been previously sentenced to a criminal penalty or for an offense that involves a breach of honor or integrity unless he/she is rehabilitated.

3. The candidate shall not have been subject to a judgment of discharge or dismissal from the Board of any joint stock companies listed in the financial market during the year preceding nomination.

4. The candidate professional record issued by the Authority shall be clear of administrative penalties.

5. The candidate shall not be subject to any lawsuits, reports, or prosecution investigations concerning any offense that involves a breach of honesty and integrity.

6. The candidate shall fulfill any other terms stipulated in the Companies Law or the Company Articles of Association.

7. The following documents shall be submitted to the Company:

A. The candidate CV, indicating work experience, qualifications, and the Board seat applied for (Executive, Non-Executive, Independent);

B. An undertaking to comply with the provisions of the Companies Law and its executive decisions and the Company Articles of Association, and that the candidate will exert the due diligence of a prudent professional person during the performance of his/her duties;

C.A statement of the names of companies and corporations which the candidate works for or serves as a Board member therein, as well as any other works the candidate performs directly or indirectly that constitutes competition to the Company; and

D.In case of the legal person representatives, an official letter from such legal person shall be submitted, containing names of his/her Board membership candidates.

## **Article (11)**

### **Declaration of Interest**

1.A Board member shall, upon assuming the office, disclose to the Company all interests and relationships that may, or may be deemed to, affect his/ her ability to perform his/ her duties as a Board member. Any such declared interests shall be recorded by the Board Secretary.

2.In particular, Board members shall disclose partnerships, related employment or the main interests of relatives that may create a conflict or potential conflict in interests. Each Board member shall notify the Company of any changes in his/her interests and shall complete a form prepared by the company for this purpose on a quarterly basis and as may be necessary to determine specifically his/her interests.

3.The Board secretary shall request the Board members to review the form on a quarterly basis to verify its accuracy and completeness.

4.At the beginning of each Board meeting, each Board member shall declare the declaration of interest, if any, to avoid matters of interests' conflict.

## **Article (12)**

### **Induction, Training and Board Evaluation**

1.Board of Director definition

The Company shall present to the new Board members and senior executive administration an induction program on the company and its business as well as other subjects that assist them in performing their duties, focusing in particular on the following:

A.The Company strategy and objectives.

B.Financial and operational aspects of the Company activities.

C.Obligations, duties, liabilities and rights of Board members

D.Functions and obligations of the Board Committees.

2.Board Evaluation:

The Board shall conduct an annual evaluation of its performance and the performance of its members and committees to determine ways to strengthen its effectiveness. The evaluation process can be carried out either by the nomination and remuneration committee or by the Board chairman, assisted by the Board Secretary as needed. Where appropriate, independent consultants

may be invited to assist the Board in this process.

The Board shall invite, each year, three independent professional entities to evaluate the Board and its members and committees.

3. Training:

A. The Company shall provide, to members and Board Secretary, training courses as a mean for continuing professional education in matters directly related to the Company interests.

B. The Board shall annually identify the training needs of the Board and its members in order to provide such training in light of the available budget.

Training subjects shall depend on gaps identified through the annual evaluation of the Board.

## **Article (13)**

### **Board Responsibilities**

1. The company shareholders shall elect the Board, which will be accountable to the company shareholders. The Board shall ensure the shareholder rights, justice, equality, rights of other stakeholders.

2. Except the decisions mentioned expressly for the shareholders in the company memorandum of association, Board shall have the full authority to perform all activities necessary for providing the control and effective strategic guidance in relation to the company and its management.

3. The Board shall be responsible for performing its goal represented in creating a sustainable value for the shareholders, taking into account the stakeholder rights.

4. The Board shall be responsible for the company works, even if it authorizes certain authorities to committees and executive management.

## **Article (14)**

### **Board Obligations**

The Company Articles of Association shall determine the Board duties and responsibilities, and the Board shall undertake the following:

1. Taking the necessary procedures to ensure compliance with applicable laws, regulations, and resolutions, as well as the requirements of the supervisory authorities;

2. Adopting the strategic approaches and main objectives of the Company, and supervising implementation thereof. This includes:

A. Setting the Company comprehensive strategy and main work plans and reviewing thereof constantly;

B. Setting risk management strategy and reviewing thereof constantly;

C. Specifying the best capital structure, strategies, and financial objectives of the Company, and approving the annual budgets;

D. Supervising the Company main capital expenses and ownership and disposal of assets;

E. Setting performance objectives and monitoring implementation and the overall performance of the Company;

F. Conducting periodic reviews of the Company organizational and occupational structures and adopting these structures.

3. Taking the necessary procedures to ensure efficient internal auditing of the work flow in the Company, including:

A. Setting a clear policy approved by the Board to ensure efficient internal auditing of the work flow in the Company;

B. Setting written and detailed regulations and procedures for internal auditing, which determines the duties and responsibilities in compliance with the policy approved by the Board and the general requirements and objectives stipulated in the applicable legislations.

4. Establishing an internal auditing department to follow up compliance with the applicable laws, regulations, resolutions, and requirements of the supervisory bodies, the internal policy, regulations, and procedures set by the Board.

5. Setting written procedures to manage and address conflict of interests and deal with potential cases of such conflict for Board members, the Senior Executive Management, and shareholders, and setting the procedures to be taken in cases of misuse of the Company assets and facilities or misconduct resulting from transactions with Related Parties.

6. Ensuring the soundness of administrative, financial, and accounting systems, including the systems related to preparation of financial reports.

7. Ensuring the use of appropriate regulatory systems for risk management by outlining potential risk and discussing it with transparency.

8. Setting clear and precise standards and procedures for Board membership and putting them in force subsequent to approval by the general assembly.

9. Setting a clear delegation policy in the Company to determine delegated persons and the powers assigned thereto.

10. Setting a policy regulating the relationship with Stakeholders in a manner ensuring the Company fulfillment of its obligations towards them, preserving their rights, providing them with required information, and establishing sound relations with them. Such policy shall cover the following aspects:

A. Mechanisms for indemnifying Stakeholders in the event of violation of their rights approved by laws and protected by contracts.

B. Mechanisms for settling complaints or disputes that may arise between the Company and Stakeholders.

C. Maintaining confidentiality of the information related to them.

D. The Company policy towards the local community and environment.

11. Setting a code of conduct for the Board members, the staff, auditor, and persons to whom some of the Company works are assigned.

12. Setting procedures to apply governance rules in the Company, review of such procedures, and assessment of compliance thereto on annual basis.

13. Establishing appropriate development programs for all Board members to develop and update their knowledge and skills, ensure effective involvement in

the Board and ensure implementing any training or qualification programs as determined by the Authority or the Market.

14. Familiarizing a newly appointed Board member with all the Company departments and sections and providing him/her with all the information required to ensure correct understanding of the Company activities and works and full realization of his/ her responsibilities, all that enables him/her to perform their duties duly in accordance with the applicable legislations, all other regulatory requirements, and the Company policies in its field of business.

15. Setting procedures to prevent the insiders in the Company from using the confidential internal information to make tangible or intangible gains.

16. Setting a mechanism for receiving shareholders' complaints and proposals, including their proposals to add particular issues in the general assembly agenda in a manner that ensures studying such proposals and making the right decisions about them.

17. Adopting criteria for granting incentives, bonuses, and privileges to Board members and Senior Executive Management in a manner that serves the Company interest and realizes its objectives.

18. Setting the Company disclosure and transparency policy and following up its implementation in accordance with the requirements of the supervisory authorities and applicable legislations, such policy shall include the following:

A. Commitment to disclose periodic reports, material information, insiders and their relatives' ownership of securities issued by the Company, related parties transactions performed with the Company, and the benefits of the Board members and Senior Executive Management.

B. Providing information to shareholders and investors precisely, clearly and timely so as to enable them to make their decisions.

C. Using the Company website to enhance disclosure and transparency.

19. Setting a clear policy for distribution of the Company profits in a manner that serves the interests of both the shareholders and the Company; such policy shall be displayed to shareholders in the general assembly meeting and mentioned in the Board report.

20. Ensuring the availability of resources required to achieve the Company objectives.

21. Ensuring the protection of shareholders' interests and the Company assets.

22. Ensuring the establishment of a compliance function to follow the compliance with applicable laws, regulations and decisions as well as regulatory requirements, internal policy, regulations and procedures established by the Board.

23. Determining the extent of the company-wide risk appetite, including specific targets, maximum limits or indicators of risk appetite.

24. Supervising the Company human resources policies.

25. Ensuring the accuracy and validity of the disclosed data, statements and information according to the applicable policies and regulations in relation to disclosure and transparency.

26. Determining and recommending the potential new Board members for election by shareholders.
27. Recommending the remuneration policy of the Board for approval by shareholders.
28. Evaluating the overall performance and effectiveness of the Board, its committees and members and taking corrective actions as appropriate.
29. Ensuring that the Board communicates with stakeholders through the investor relationships function.
30. Forming specialized committees from the Board according to the resolutions that determine the duration of these committees and their powers, functions and responsibilities, as well as the method used by the Board for monitoring these committees. Such resolutions shall determine names, duties, rights and obligations of the members.
31. Evaluating the performance and works of the Board and its members.

## **Article (15)**

### **Duties of the Board Chairman**

**In particular, the Board Chairman shall assume the following duties and responsibilities:**

1. Ensure that the Board acts efficiently, fulfills its responsibilities and discusses all issues on a timely basis.
2. Develop and approve the agenda of each Board meeting, taking into consideration any issues that Board members propose to be included in the agenda. The Board Chairman may delegate this responsibility to a certain Board member or the Board secretary under his own supervision.
3. Encourage all Board members to participate fully and efficiently in the Board in order to achieve the company interests and ensure performing the board members' tasks in the best interests of the Company.
4. Adopt suitable procedures to ensure efficient communication with the shareholders and the efficient communication of their views to the Board.
5. Hold periodic meetings with the non-executive board members without presence of the company executives.
6. Facilitate the effective participation of Board members, specifically Non-Executive Board members; establish constructive relations between Executive Board members and Non-Executive Board members; and work to create a culture that encourages constructive criticism.
7. Ensure that the Board members receive all the necessary information that is clear, accurate and not misleading, so that they can perform their duties.
8. Ensure that the Board is subject to the annual evaluation.
9. Ensure evaluating the performance of the management members and Board members at least one-time per annum
10. Ensure the participation of the Board members, upon their appointment, to an induction program.

- 11.Ensure that the board members receive training programs.
- 12.Ensure that the Board has the sufficient time for consultation and decision-making.
- 13.Represent the Company before third parties according to provisions of the Companies Law and the company bylaws.
- 14.Consider any issues raised by the Board members or the external auditor, consult with the Board members and the Executive Director when preparing the agenda of the Board, and ensure that minutes of meetings are kept.
- 15.Ensure the proper functioning of the Board and its committees in accordance with applicable laws and regulations.
- 16.Ensure that the Board members obtain the approval of the market board of directors on trading in the company shares.
- 17.Ensure that the Board elected vice- chairman.
- 18.Ensure that every Board member, at each Board meeting, is handed over a declaration of interest to avoid conflicts of interest.
- 19.Ensure that the Board members disclose information and actions that should be disclosed in accordance with the legislations applicable in the capital market.
- 20.Notify the General Assembly, during the meeting, of the business and contracts in which any Board member has a direct or indirect interest. Such notification shall include the information provided by the member to the Board and shall be accompanied by a special report from the external auditor of the Company.
- 21.Support and encourage standards of corporate governance and ethical culture within the Board and within the Company.
- 22.Ensure effective communications with stakeholders and stakeholders.

## **Article (16)**

### **Obligations of the Board Member**

**The Board Member shall:**

- 1.Maintain the interests of the company, take care of a careful professional person and carry out all procedures that are consistent with the company objectives.
- 2.(b) At all times, act in good faith, honestly and sincerely, avoid all potential or actual conflicts of interest and carry out their duties in the interest of the Company and in accordance with its Articles of Association, applicable laws and regulations, particularly the following:
  - A.Not to carry out transactions in which they have a personal interest, which conflicts with the interest of the company.
  - B.Not to disclose confidential information.
  - C.Not to use the company assets and facilities for personal benefit / gain.
  - D.Not to use the information and business opportunities he knew as a Board member for personal gain.
- 3.Perform a due diligence towards the company, including:



- A. Directing and organizing the affairs of the company in a manner directed to the long-term interest and sustainability of the company.
  - B. Showing the utmost care and diligence and reflection in the performance of his duties.
  - C. Adhering to the principles of good supervision.
  - D. Comply with performing tasks in accordance with all applicable laws and regulations.
4. Understand the roles and responsibilities of the Board and ensure that the Board performs those roles and responsibilities to the best of its ability.
  5. Understand corporate governance policies and ethical rules of the company, assist in the company compliance with those policies at all times, and effectively support them in the company.
  6. Understand the provisions related to transactions by insiders and misuse of confidential information as issued by the Authority.
  7. Allocate enough time for his job, including time to attend meetings of the Board and its committees, time to prepare for meetings, and time to stay adequately informed of the updates of the company.
  8. Ensure maximum contribution of his knowledge, skills, experience, abilities and professional resources as an individual to ensure that the Board enhances its potential and makes full use of its members.
  9. Fully Participate in the Board discussions by ensuring given full attention and in-depth analysis of the issues discussed in the meetings, and always feel free to express his opinions and points of view on the presented issues, where appropriate.
  10. Analyze matters objectively to avoid influencing his views by the chairman, the chairpersons of the committees or the rest of the members; rather, his views shall be based on facts and objective study of all matters.
  11. Assume the individual responsibility for being aware of any issues, topics or matters relating to the Company in general, which are provided thereto. It shall express its concerns to the Chairman or the other members, as appropriate, if he feels that any of the issues discussed has not been fulfilled or does not achieve the company interest or jeopardize thereof for any reason.

## **Article (17)**

### **Non- Executive Board Member Obligations**

**Non-Executive Board Member especially shall adhere to the following:**

1. Effective participation in Board meetings to provide an independent opinion related to all matters presented before the Board, in particular the company strategy, general policy and operational performance.
2. Taking into account the priority of the company and its shareholders' interests in case a conflict of interest arises.
3. Participating in the Company Board committees.
4. Observing the performance of the company in order to achieve its agreed

goals and objectives and monitor performance reports.

5. Enabling the Board and the various committees to benefit from their skills and experiences and the diversity of their competencies and qualifications.

## **Article (18)**

### **Convenience Standards**

1. Board members shall, severally and collectively in all times, meet the convenience standards prescribed below and shall enjoy the expertise, knowledge, competencies, skills and independence that enable them to efficiently and effectively perform their functions. The Board shall prepare the code of professional conduct to promote the good behaviours.
2. Each Board member and senior officials of the executive management shall have the following, specially:
  - a. Leadership and Competency Skills: Appropriate leadership skills, industry knowledge, technical skills and effective communication skills necessary to carry out their roles and responsibilities effectively.
  - b. Integrity: The Board members shall always act in good faith and in the best interest of the company, and shall act ethically, and do their possible efforts to expand an ethical culture within the company.
  - c. Accountability: The Board members shall be responsible for their actions and decisions (as Board members and Board Committee members) in relation to the Company.
  - d. Transparency: Board members shall carry out their duties transparently.
  - e. Board Member Record: It should not have been convicted of a felony or misdemeanour involving violation of honour and honesty, or in the crime of money laundering and terrorist financing.

## **Article (19)**

### **Lack of Board Member Independence**

**First: The Board member independence shall not be available, in particular, in the following cases:**

- 1.If the Board member or any of his second-degree relatives is working or worked in the senior executive management of the company, the parent company or its subsidiary within the last two years preceding the date of his nomination to the Board.
- 2.If the Board member or one of his first degree relatives has a direct or indirect interest in the contracts and projects concluded with the company or its subsidiaries during the last two years provided these deals in total exceeded (5%) of the company paid-up capital or the amount of five million dirhams or equivalent of foreign currency whichever is lower unless the relationship is within the nature of the company business and without preferential conditions.
- 3.If the Board member is working or worked for the Company or its subsidiaries

during the last two years preceding the date of his appointment to the Board.

4.If it works for or is a partner of a company that performs consultancy works for the company or any of its parent, subsidiary, sister or associate companies during the last two years.

5.If it has any personal service contracts with the Company or any of its parent, subsidiary, sister or associate companies during the last two years.

6.If it is directly linked to a non-profit entity that receives a huge amount of funding from the company or its subsidiaries.

7.If the Board member or one of his relatives is a partner to or an employee of the company auditor, or if, during the last two years preceding the date of his board membership, it was a partner to or an employee with the company auditors.

8.If the ownership of Board member or his minor children or both of them reaches (10%) or more of the company capital.

9.If a Board member is selected for a fourth consecutive term.

**Second: Independence of a Board member shall not be affected for solely being an employee of the parent company or any of its subsidiaries if any of them is a government entity or a company owned by at least 75% by the government or any of its subsidiaries.**

## **Article (20)**

### **Sole Liability of Board Members**

Board members shall act at all times in the interest of the Company regardless of the interests of any other parties. The Board members shall perform their duties and conduct the affairs of the Company in a manner that supports the confidence of the general public in the Company. They shall also refrain from actions that lead or may lead to conflict of interest with the Company. In the event of a conflict of interest, the Board members shall disclose the same immediately to the Chairman and get themselves away from any position of decision-making authority in respect of any conflict of interest involving the Company.

## **Article (21)**

### **Board Member Position Vacancy**

1.Subject to the provisions of Article (143) of the Companies Law, if the position of a Board member becomes vacant, the Board may appoint a member in the vacant position, provided that such appointment shall be submitted to the General Assembly at its first meeting for confirming the same or appointing another one, unless otherwise stipulated in the Company Articles of Association. The new Board member shall complete the term of its predecessor.

2.In case the vacant positions reach a quarter of the Board members, the remaining Board members shall call the General Assembly to be held within (30) thirty days at most from the date of the last vacancy to elect Board members for

these positions.

3.If a Board member represents the government or any legal person in the membership of the Board under a letter issued by authority which he is representing, this authority may change its representative in the Board under an official letter addressed to the company in this regard and the new member shall complete the term of his predecessor.

4.The position of the board member shall be vacant in one of the following cases:

A.If he dies or encountered a defect of eligibility or becomes otherwise incapable to fulfil his duties as a Board member.

B.If he is convicted of any crime against honor.

C.If he declares his bankruptcy or ceases to pay his commercial debts even if this is not accompanied by his declaration of bankruptcy.

D.If he resigns under written notice to the Company in this regard.

E.If the General Assembly decides to dismiss him.

F.If the Board member is absent from the meetings of the Board for three consecutive or five intermittent sessions during the term of the Board without an excuse acceptable to the Board.

G.If his membership violates the provisions of the Companies Law.

## **Article (22)**

### **Dismissing or removing a Board member or executive management**

1.The General Assembly may dismiss the Board Chairman or any Board member or all the Board members. In this case, the General Assembly shall authorize those it deems appropriate to chair the meeting of the General Assembly and take the procedures for opening the nomination and invite the General Assembly to elect new Board members instead of those who have been dismissed. It is not permissible to re-nominate those who have been dismissed for membership of the board before the lapse of three years from the date of issuance of the decision of dismissal.

2.In the event of a judicial judgment proving that the chairman or any of the Board members or any of its executive management have concluded deals or transactions involving conflicts of interest, he shall be dismissed from his position and shall not be nominated for the chairmanship or membership of the Board or to perform any duties in the executive management in any joint stock company until the lapse of three years at least after the date of his dismissal, and Article (145) of the Companies Law on Occupying the New Position of the Board shall apply. If all the Board members are dismissed, the authority or its delegate shall conduct the management the company until the first general assembly is held.

3.In the event of issuing a judgment of imprisonment or fine or any of them due to a complaint of a shareholder against the chairman or any of member of the Board or the executive committee, including dismissal or removal from office, the member shall not remain in its office or run for the Board membership of this

company or any other company till expiry of three years from the date the judgment.

## **Article (23)**

### **Board Meeting**

1. The Board shall meet four times a year, unless the Company Articles of Association provides otherwise.
2. The meeting shall be based on a written invitation from the Board Chairman, or upon the written request of at least two Board members unless the Company Articles of Association provides otherwise. The invitation shall be sent not less than one week prior to the specified date together with the agenda. Each member has the right to add to the agenda any matter he deems necessary for discussion in the meeting.
3. All documents shall be sent to all members at least one week before the meeting.
4. In case of a Board meeting being held to consider inviting the general assembly, the Board meeting shall be held at least thirty days before the date of any meeting of the general assembly, and the immediate disclosure shall be made to shareholders as per a detailed notice to the Market and on the website of the Company directly after the conclusion of the Board meeting, declaring its resolutions and the date of publication of the general assembly invitation and the meeting detailed agenda. The notice shall include the following: "Clarification concerning those who have the right to attend the general assembly meeting or authorize someone to attend on their behalf other than the Board members pursuant to a written delegation, the eligibility of the shareholder to discuss the topics listed in the agenda of the general assembly and to ask questions to Board members and auditors, and the quorum required for the validity of the general assembly meeting and the resolutions of such meeting."
5. The Board meetings shall be held in the Company headquarter unless the Board considers otherwise. The meeting shall be valid only after inviting all the members and the attendance of the majority of the members in person.
6. The Board member may be represented in the Board meeting by any other member holding a written power of attorney to that effect. This power of attorney shall be clearly evidenced to the meeting chair. The member may authorize its member to vote according to the member choice.
7. Voting by correspondence is not allowed, and a delegated member shall vote on behalf of the absent member in accordance with the delegation.
8. The Board resolutions shall be issued by the majority of votes of those members and representatives present at the meeting. In the case of parity, the Chairman shall have a casting vote.
9. In the event of an urgent Board meeting without applying provisions of clauses (2 and 3) of this article, this meeting shall not be one of the four mandatory meetings of the Board of Directors.

## Article (24)

### Holding Board Meeting Via Modern Technology

The following controls shall be observed in relation to participating the meetings of the Board or its committees via technology:

1. The company articles of association shall permit participation in the meetings via through audio and / or audio and video technology.
2. The Board shall have the choice to record audio/video of the Board meetings.
3. The recorded Board meetings require a written permit from all Board members.
4. The company shall have the required electronic equipment. This equipment shall be tested before holding the meetings.
5. The secretary of Board meetings coordinate and confirm the following:
  - A. Contacting all members to ensure they will attend the meetings, either personally or via this mechanism.
  - B. A member who will attend the meeting via this mechanism shall notify the Board secretary sufficiently before the meetings, and sign on using this mechanism in the meetings.
  - C. All meetings shall be sent at least one week before holding the meetings to all members.
  - D. The Board meetings shall be recorded and kept.
  - E. Each Board member and secretary shall introduce himself at the beginning of the meeting (for recording purpose).
6. At the beginning of the meeting, this mechanism users shall confirm the following:
  - A. Recording the audio and audio-video (if used) clearly for all members presenting in person.
  - B. Receiving all documents and agenda.
  - C. Defining type of the device used in the mechanism.
7. A Board member shall mention his name if he desires to speak at the meeting when intervening, commenting or voting.
8. The Board meeting shall be in a position to speak loudly and clearly. In the event of poor connection or interruption during the meeting, the secretary shall repeat what is said during the interruption period. In the event of voting, the secretary shall repeat again to ensure that all members have heard what is said before the voting process.
9. A secretary shall prepare and sign a minutes and send a copy thereof to all Board members for reviewing and signing.
10. The decisions issued in a Board meeting held via modern audio and/or audio-video technology shall be valid and effective if they are approved by majority of Board members presenting in person or through any of these means.
11. Electronic register of the meetings of the Board and its committees shall be kept by using audio or video methods and techniques.

## **Article (25)**

### **Board Decisions by Passing**

**Without prejudice to the provisions contained in the clause No. 11 of Article No. 36 of the Authority decision No. 3 of 2000 regarding the regulation of disclosure and transparency: Conditions and procedures for the issuance of the Board decisions by passing are as follows:**

1. The majority approval of the Board members that the situation calling for the issuance of the decision by passing is an emergency.
2. Handing over the resolution in writing to the Board members for approval, accompanied by all the necessary documents for review.
3. Written consent shall be decided by the majority on any of the passing decisions of the Board, provided that it shall be reviewed in the subsequent meeting of the Board to record the decisions in the minutes. However, passing decisions shall be enforceable when signed by the majority of the Board members.
4. The passing resolutions is not considered a meeting, hence the minimum number of meetings of the Board shall be maintained.

## **Article (26)**

### **Minutes of the Board Meetings**

1. It shall be recorded in the minutes of the Board or its committees meetings the details of matters considered and the decisions that have been made, including any reservations of members or dissenting views they expressed. These minutes of meetings shall be signed by the members who attend the meeting as well as the secretary of the meeting. In case one of the members refuses to sign, his objection shall be recorded in the minutes together with the reasons for objection, if given, and a copy of the minutes shall be sent to members to keep them.
2. The secretary shall prepare the minutes of the Board meetings and the following controls shall be maintained when writing them:
  - A. Specifying the date of inviting all Board members to the meeting, the method of invitation, the place of meeting, and the start and end time of the meeting.
  - B. Confirming the attendance of the present members.
  - C. Confirming the delegation for the absent member, in case of delegation by one of the Board members to another member, and confirming that the Company Articles of Association allows the same.
  - D. Recording the absent members and justifications for non-attendance, "if any".
  - E- Recording the following phrase: "Signatories to these minutes are responsible for the veracity of the data contained therein" at the end of each minutes before the signing the same by the members.
3. The minutes of meetings of the Board and its committees shall be kept by the Board Secretary.

## **Article (27)**

### **Delegation of Administration**

1. The Board may delegate its Chairman or one of its members or Senior Executive Management in some of the administrative issues in which the Board has the power to make decisions. In this case, the delegation shall be in writing and detailing the delegated powers, especially with regard to cases in which the Senior Executive Management needs to obtain prior approval from the Board before making any decisions or entering into any commitments on behalf of the Company. A list of tasks and functions which the Board performs shall be written, as well as those delegated to Senior Executive Management, and those tasks and functions shall be reviewed periodically.
2. Each delegation shall be specific with regard to its subject, delegated persons, and the limits of their powers and in the duration, and that includes the date of presenting its results to the Board.

## **Article (28)**

### **Seeking Advice from an External Advisory**

The Board and committees emanating therefrom, by a decision issued by the majority of the attended members, may seek advice from an external advisory regarding any matters related to the company, at its expense, provided that there are no interests conflict.

## **Article (29)**

### **Remuneration of the Board Chairman and Members**

1. The remuneration of the Board chairman and members shall consist of a percentage of the net profit, provided that it may not exceed 10% of the net profits for such fiscal year after deducting all consumption and reserves.
2. The Company may also pay expenses, fees, additional bonus or a monthly salary to any Board member, in consistent with the polices suggested by the Nomination And Remuneration Committee, reviewed by the Board and approved by the general assembly. If such member serves in any committee, makes special efforts or performs additional work to serve the Company in excess of his regular duties as a member in the company Board, Attendance allowance may not be paid to the chairman or a Board member for attending Board meetings.
3. Fines that may have been imposed on the Company by the Authority or the Relevant Competent Authority due to violations by the Board of the Law or the Articles of Association during the ended fiscal year shall be deducted from the remuneration. The General Assembly may decide not to deduct such fines or some of them if it deems that such fines were not the result of default or error of the Board.



## **Article (30)**

### **Gifts**

Accepting gifts and other compliments from persons or authorities may lead to interest conflict or duplication, if the party giving this gift / compliment does so in circumstances wherein it may be concluded that this act was intended to influence, or may influence the Board member in performing its tasks. This article shall not prevent accepting objects of symbolic or simple value of AED 500 or less or entertainment of symbolic or simple value which is not related to any special transaction or activity of the company.

## **Article (31)**

### **Confidentiality of Data and Information**

**First: The Board shall consider the following:**

1. Take all measures to accurately maintain strict confidentiality of the Company data and information in a way that ensures it is not exploited.
2. Develop effective contractual arrangements that require the other parties who have access to internal data and information related to the Company and its customers to maintain the confidentiality of such data and information, and not misuse or transfer it, or cause it to be transferred directly or indirectly to other parties.
3. Every insider shall sign formal declarations that confirm his knowledge of his possession of internal data and information regarding the Company and its customers, and that he shall bear all the legal consequences in case of leaking such information or data or giving advice on the basis of the information in his possession, and his commitment to notify the Company of any trade carried out on the securities of the Parent Company or the Subsidiary Company before and after those trades.

**Second: Each Board member shall exercise great care to not disclose the confidential information required in relation to the disclosure of interest conflicts which may be contrary to the interests of the company.**

## **Chapter (3): Conflict of Interests Management**

### **Article (32)**

1. If a Board member or a person representing a body in the Board has a joint interest or a conflict of interest with the Company in a deal or transaction submitted to the Board for a resolution, he must inform the Board and record the same in the minutes. Furthermore, he shall not participate in the voting on the decision relating to the deal or transaction.
2. If a Board member fails to inform the Board in accordance with the provision of item (1) of this article, the company or any of its shareholders may resort to the competent court to invalidate the contract or order the member who acted in

contravention of these provisions to return to the Company any profit or benefit obtained as a result of entering into this contract.

3.If it is not entirely clear that there is a conflict of interest, the Board member, who is the subject of the potential conflict, shall disclose these circumstances to the chairman or its designee, who decides whether or not there is a conflict of interest.

4.The Company shall maintain a special register for conflicts of interests in which the cases are recorded in details together with the measures taken in this regard.

5.A Board secretary shall record the interest conflict in the related Board minutes. In this case, the remaining Board members presenting shall consider whether it is appropriate for the Board member involving in the conflict issue to participate in discussing that agenda item or not before the Board after reviewing whether the conflict may affect the objectivity of the member and/or its ability to perform its tasks towards the company properly. If they decide that it is not appropriate for the member to participate, they may ask the Board member to leave the meeting room during the discussions. The Board member is not entitled to use its personal influence in issue whether in or outside the meeting. The Board member shall nor vote on the decision.

## **Article (33)**

### **Insiders Register**

The Company Board shall issue written rules regarding the transactions of the Company Board members and its employees in securities issued by the Company, the Parent Company, its subsidiaries or related companies, and assign a department of the company, an internal committee, a special committee, or whoever the company deems it suitable to:

- 1.Prepare a special and complete register for all Insiders, including persons who may be considered as temporary insiders who have the right to access the Company internal information prior to publication. The Register shall also include prior and subsequent disclosures of insiders.
- 2.Manage, follow up and supervise the transactions of the Insiders and their properties and keep their Register.
- 3.Notify the SCA and the Market of an updated list of insiders at the beginning of each fiscal year and any amendments thereto during the fiscal year.
- 4.Submit a copy of the Insiders Register to the Authority upon request.
- 5.Comply with any other requirements specified by the Authority.

## **Article (34)**

### **Transactions with Related Parties**

1.A Company shall not enter into transactions with Related Parties without the consent of the Board in cases where the value of the transaction does not exceed (5%) of the Company capital, and with the approval of the general

assembly where such percentage threshold is exceeded. The Company shall not be allowed to enter into transactions that exceed (5%) of the issued capital unless the transaction has evaluated by an assessor accredited by the Authority. The Related Party who has an interest in the transaction shall not participate in voting in terms of the decision taken by the Board or the general assembly in respect of this transaction.

2. In the event of a significant change to the terms of the transaction after approval, another approval must be obtained from the Board or the general assembly, as the case may be. The transaction which exceeds (5%) of the issued capital shall be re-evaluated and its conditions shall be reviewed before its conclusion by an assessor accredited by the Authority at the Company expense.

3. The following shall be liable for damages to the Company if transactions with the Related Parties are concluded in contravention of Clause (a) of this article or if it is proven that the transaction or the deal is unfair or involves a conflict of interests and incurs damages to the shareholders:

a. The Related Party with whom the transaction was entered into.

b. The Board if the decision was issued by consensus. However, if the decision was issued by the majority, dissenting directors shall not be held liable in the event that they have recorded their objection in the minutes. If one of the members did not attend the meeting in which the decision was issued, he is still responsible for the decision unless he proves that he was unaware of the decision or was aware of it but could not object thereto.

c. The evaluation of transactions relating to the related parties shall be subject to the same controls prescribed for the evaluation of the in-kind shares contained in the decision of the Chairman of the Authority No. (11 / RM) of 2016 regarding the regulation of offering and issuing shares of Public Joint Stock companies, which requires the following conditions in the evaluator:

-The evaluation company shall have experience in its field of work not less than (5) five years, along with the submission of a certificate from the parties with which previous deals were made.

-The evaluation company shall have a minimum of (3) years' experience in valuing assets similar to the asset under evaluation.

-The evaluation company shall be licensed / registered by the competent authorities as the case may be.

## **Article (35)**

### **Transactions fall under Company Business Nature**

The transactions that fall under the company business nature and do not grant the Board member any preferential conditions shall not be considered transactions with related parties and shall not constitute a conflict of interest.

However, the Board member involving in the transaction shall disclose the same to the Board. The remaining presenting Board members shall review whether it is

appropriate to the Board member involving in the transaction to participate in the discussion of the item relating to that matter in the Board meeting.

## **Article (36)**

### **Related Parties Record**

1. The Company shall maintain a register for Related Parties where the names of such parties shall be recorded together with their transactions, in details, and actions taken in relation thereto.
2. The Company shall provide documents of the transactions with Related Parties and the nature of those transactions, volume, and details of each transaction, and shall inform the shareholders of such transactions in the general assembly.

## **Article (37)**

### **Company Disclosure of related Parties' Transactions**

In case of entering into transactions with Related Parties, the Company Chairman shall provide the Authority with a notice which includes the data and information of the Related Party, the details of the deal or transaction, the nature and the benefit of the involvement of the Related Party in the deal, together with a written confirmation that the terms of the transaction or the deal with the Related Party are fair, reasonable, and in favor of the Company shareholders.

## **Article (38)**

### **Related Party Disclosure**

1. Prior to entering into a transaction between a Related Party and the Company, the Parent Company, or the Affiliate Company reaching the limit stipulated in this Decision, the Related Party shall disclose immediately, under written letter addressed to the Board, the nature of the transaction, conditions and all substantial information about his share or his stake in the two contracting companies and his interest or benefit, which the Board is required to immediately disclose to the Authority and the Market.
2. The details of the transaction referred to in paragraph (1) of this article, together with the conditions and conflict of interests of Related Party shall be listed in the annual financial statements submitted to the general assembly, and this data shall be published on the website of the Market and the Company.

## **Article (39)**

### **Access to Transactions Concluded with related Parties**

In the event the Company enters into transactions with Related Parties, the

shareholder who owns (5%) or more of the Company shares is entitled to the following:

1. Review the Company records and any documents relating to those transactions.
2. File a lawsuit before the competent court regarding the transactions concluded with Related Parties to compel the parties of the transaction to provide all information and documents relating to those transactions, whether directly to prove the facts set out in the case or relevant to it or to lead to the discovery of information that will help in the detection of the facts.
3. If it is proven to the competent civil court that the transaction is unfair or involves a conflict of interests and causes harm to the rest of the shareholders, the court may cancel the transaction and oblige the Related Party to render the profit or benefit gained to the Company, in addition to compensation if harm is proven against the Company.

## **Chapter (4): General Assembly**

### **Article (40)**

#### **General Assembly Meetings**

1. The general assembly of the Company shall be held in the location specified in the meeting invitation, and each shareholder has the right to attend the meetings of the general assembly and shall have the votes equal to the number of shares in his possession. A person who has the right to attend the general assembly may delegate someone from other than the Board members or the staff of the company of securities brokerage company to attend on his behalf as per a written delegation stating expressly that the agent has the right to attend the general assembly and vote on its decision. A delegated person for a number of shareholders shall not have more than (5%) of the Company issued capital after gaining that delegation. Persons lacking legal capacity and are incompetent must be represented by their legal representatives.
2. The shareholder signature on the power of attorney referred in clause No. (1) of this article shall be the signature approved by any of the following entities:
  - A. Notary Public.
  - B. Commercial chamber of economic department in the state.
  - C. Bank or company licensed in the state, provided that the agent shall have account with any of them.
  - D. Any other entity licensed to perform attestation works.
3. A legal person shall have the right to delegate his representatives or those in charge of his administration as per a decision issued from the Board or any similar body, to represent him at the meetings of the general assembly of the company, and the delegated person shall have the powers prescribed in the delegation decision.
4. Without prejudice to the provisions of article No. (178) of Companies law, the general assembly shall appoint two representatives or more for the shareholders,

which will be nominated by the Company Board based on the company need, to attend the meetings of the general assembly and vote in its decisions on behalf of shareholders. The general assembly shall define their fees. The representative shall be form law firms included in the list of practicing lawyers in the State or financial analyst analysts accredited by the Authority in accordance with authority's Board of Directors' Decision No. (48/R) of 2008 concerning financial consultancies and financial analysis, pursuant to the following provisions:

A. The company shall insert in the agenda attached to the invitation addressed to the shareholders names and contact data of the shareholder representatives entitled to represent the shareholders in general assembly meetings and voting on their decisions.

B. The company shall bear the appointed representative fees.

C. A shareholder shall authorize the appointed representative by filling the power of attorney attached to the invitation addressed to the shareholders. The power of attorney form shall be sent to the company before at least (5) five days from the date set for holding the general assembly. The form shall include clearly and expressly the shareholder's instructions for voting on the items mentioned in the agenda of the general assembly, provided that the following shall be observed:

-The appointed representative shall not vote on the items mentioned in the general assembly agenda, which the shareholder does not issue voting instruction thereabout.

-In the event of listing a new item in the general assembly agenda based in the article No. 180/2 of company's law, the appointed representative shall not vote on this item, unless the shareholder issues voting instructions in this regard.

D. The shares for which power of attorney are issued within the quorum of general assembly meetings shall be calculated.

E. The shares for which a shareholder does not issue voting instructions within the quorum necessary for the decision issuance shall not be calculated.

F. The appointed representative shall manage the interest conflict between its tasks as an appointed representative and its relation to the company and disclosing the same.

G. The representative appointed for act on behalf of shareholders shall accept such delegation according to the priority of submitting applications thereto.

H. The shares shall not be divided for more than one representative. No representative for part of the shareholder share shall be accepted.

5. The owner of the share, who is registered in the day preceding the meeting of the general assembly of the Company, has the right to vote in the general assembly of the Company.

6. Subject to the provisions of Article (183) of the Companies Law, the shareholder may vote in the company general assembly meetings in accordance with the mechanism followed by the market in which the company shares are listed and approved by the Authority. In this case, the following conditions shall be met:

A. The company articles of association shall allow the use of electronic voting in

the general assembly meetings.

B. Signing a prior acknowledgment by the shareholder prior to the meeting with his written consent to follow the electronic voting mechanism and prove his attendance at the meeting and his full knowledge of how to use this mechanism and the consequent limitation of his electronic vote to the General Assembly agenda items before the beginning of the meeting and not being able to discuss the agenda items or vote in the event of the inclusion of new items in the General Assembly agenda and his commitment to all controls issued by the market in this regard.

C. The Chairman of the meeting shall clarify the number of shares participating in the meeting through electronic voting, whose attendance has been proved in the shareholders' register when the quorum for the meeting is announced.

D. The vote counter shall indicate, when voting on the resolutions of the General Assembly, the number of votes participating through electronic voting on each resolution of the General Assembly.

E. Any other requirements specified by the Authority.

## **Article (41)**

### **The Invitation to the General Assembly Meeting**

1. The Board shall convene the General Assembly within the four months following the end of the Fiscal year and whenever it is deemed necessary.

2. With the exception of the postponed general assembly meeting due to the lack of quorum in accordance with the provisions of Article (183) of the Companies Law, the invitation to convene the general assembly meeting shall be after the approval of the Authority to all shareholders, taking into account the following controls:

A. Announcing the invitation to the general assembly before the meeting date in accordance with the provisions of Article (172) of the Companies Law.

B. Publishing the meeting invitation in two local Arabic-language daily newspapers.

C. Notifying the shareholders by registered letters or by sending text and e-mail messages "if any" as provided in the Articles of Association.

D. Notify the Authority and the competent authority of a copy of the invitation papers before publication.

3. The announcement of the invitation to the meeting shall include the agenda, place, date and time of the first meeting, the second meeting, in case the quorum for the validity of the first meeting is not complete, the statement of those entitled to attend the meeting, the permissibility to be represented by the person chosen by virtue of a power of attorney in writing and approved according to article (40) of this guide, and the right of the shareholder to discuss topics in the General Assembly agenda, and to ask questions to the Board and the auditor, the quorum required for the validity of the General Assembly meeting and the resolutions issued therein, and the statement of the right holder in the

distributions, if any.

4. Complying with any other requirements specified by the Authority.

## **Article (42)**

### **Record of General Assembly Meetings Minutes**

A. The Company shall write down the general assembly Meeting in minutes, taking into account the following:

1. The minutes of the general assembly meeting shall include the names of the shareholders present in person or those represented, the number of the shares held by them, in person or by proxy, the votes held by them, the decisions passed, the number of the votes for or against such decisions and an adequate summary of the discussions at the meeting. Minutes are recorded regularly after each meeting in a special record signed by the Chairman, secretary, vote collector, and auditor.

2. The minutes shall be free of all blanks, margins, omissions, or additions.

3. In maintaining the record of the general assembly meetings minutes the following shall be considered:

-The record pages shall be in sequential order.

-The record of the general assembly meetings minutes shall be kept in the Company headquarter.

## **Article (43)**

### **Term of the General Assembly Delegation to the Board**

1. In the case of a special resolution issued by the general assembly to increase the Company capital or the issuance of bonds or Sukuk, the term of the delegation granted to the Board shall be one year from the date of issuance of the special resolution in order to issue a resolution by the Board of the date and mechanism of implementing the assembly resolution through one or several issuances or a program. The delegation issued for the Board shall expire after one year, and the special resolution which was issued in this regard shall be considered void ab initio.

2. Notwithstanding the provisions above, previous resolutions issued by shareholders who own not less than 75% of the Company capital at a meeting of shareholders that was held before enacting the provisions of the Companies Law to issue bonds or sukuk valid and effective as if they were taken by a special resolution by the shareholders of the concerned Company after enacting the Companies Law and without the need to issue a new special resolution or commit to the periods specified above or in article (230) of the Companies Law, provided that the general assembly of the Company has not canceled the resolution of delegation granted to the Board.



## **Article (44)**

### **General Assembly Meeting Arrangements**

1. Suitable arrangements and procedures shall be prepared to hold the general assembly meeting, including the choice of place and time in order to help and encourage the presence of the largest possible number of shareholders.
2. The invitation shall include the time and place of meeting, and the general assembly agenda shall be attached therewith, including all topics that will be discussed during the meeting in details and clearly, together with any documents or attachments related to those topics.
3. The date and place of the meeting of the general assembly shall be declared on the Company website.

## **Article (45)**

### **Listing an Item in the General Assembly Agenda**

#### **First: Before the General Assembly Meeting and after the invitation publication:**

The shareholders shall be entitled to apply for listing a new item(s) to the general assembly agenda before the general assembly meetings and after invitation publication according to the following conditions.

1. The listing application shall be submitted by a number of shareholders representing 5% of the listed Company capital.
2. The listing application shall be submitted to the Authority within five days from the date of publishing the general assembly invitation by the company.
3. The new item shall be clear and specific and shall not contradict the provisions of the Companies Law or the resolutions and regulations issued for its implementation.
4. The listing application shall be in writing and signed by its applicant.
5. The company shall notify the shareholders with the application for listing the new item(s) in the same manner the general assembly meeting invitation is sent or in any other manner the Authority deems appropriate, at least (5) five days before the date set for holding the general assembly. The notice shall include the new item and the related documents.

#### **Second: During the general assembly meeting:**

1. The shareholders shall, during the general assembly meeting, be entitled to apply for list a new item (s) to in the general assembly agenda, according to the following conditions:
  - a. The listing application shall be submitted by shareholders representing (10%) of the listed company capital.
  - b. The new item shall be clear, definite and consistent with the provisions of companies law and the decisions and regulations implementing thereof.
  - c. The listing application shall be in writing and signed by the applicant.
  - d. The listing application shall be submitted to the Chairman of the general assembly meeting before starting the discussion of the agenda.

e. The Chairman of the meeting shall approve the listing of the item, in the event if satisfying the conditions mentioned in clauses (A-D) above. In case of rejection, the applicants have the right to request a presentation to the general assembly to consider the listing of the item or not before starting the discussion of the general assembly agenda. The listing shall be granted by the majority of the shareholders represented at the meeting.

2. No new item shall be listed in the general assembly agenda according to the provisions mentioned in clause (1) of this article in the following cases:

A. If a decision on the new clause requires a special resolution from the General Assembly.

B. If the new clause relates to dismissal all or part of the company Board members.

## **Article (46)**

### **Issuance of a Special Resolution**

The general assembly shall issue a special resolution in the following cases:

1. Changing of the company name.

2. Issuance of bonds or sukuk.

3. Offering voluntary contributions for the purpose of community service.

4. Dissolution or merger of the Company.

5. Sale of the project that the Company has implemented or disposal of it in any other way.

6. In the event that the Company wishes to sell (51%) or more of its assets and whether the sale will be implemented through one transaction or a series of transactions, the sale must be concluded within a year of the date of concluding the first transaction.

7. Extension or reducing of the Company term.

8. Amendment of the Memorandum of Association or Articles of Association.

9. Entering of a strategic partner.

10. Capitalization of cash debts.

11. Issuing an employee stock ownership plan.

12. Holding loans for periods exceeding three years, selling real estate of the company or store, pledging the movable and immovable property of the company, discharging the debtors of the company from their obligations or conciliating and agreeing on arbitration, unless such acts are authorized in the Company Articles Of Association or are inherently in nature in the purpose of the company.

13. Increasing the authorized capital of the company.

14. Adding premium to the nominal value of the share.

15. Incorporation of the reserve into the company capital.

16. Reducing the company capital.

17. Fragmentation of the nominal value of the company shares.

18. Company transformation.

19. Merger of the company.

20. Prolonging the liquidation period.

21. The company purchase of its shares.
22. In cases where the Companies Law requires issuance of a special resolution.

## **Article (47)**

### **Implementation of the Resolutions of the General Assembly**

The Board Chairman shall implement the resolutions of the general assembly, taking into account the following controls:

1. Disclosing to the Market the results of the general assembly meeting on the Company website.
2. No objection by the Authority to the resolutions taken by the General Assembly.
3. Implementing such decisions within fifteen days of the date of the meeting unless the nature of the taken decisions requires a longer period; for example:
  - A. Increasing or decreasing the Company capital
  - B. Issuing bonds or sukuk.

## **Chapter (5): Rights of shareholders and Stakeholders**

### **Shareholders' Rights**

#### **Article (48)**

1. All the shares issued by the Company within the same class of shares shall be equal in rights and obligations.
2. The shareholder shall be entitled to all the rights associated with the share according to the provisions of the Companies Law, particularly the following:
  - a. The right to obtain a share in the profits to be distributed.
  - b. The right to obtain a share in the Company assets upon liquidation.
  - c. The right to attend meetings of the general assembly and participate in the discussions and vote on its decisions.
  - d. The right to dispose shares.
  - e. The right to review the Company financial statements and reports, records, and documents.
3. A shareholder in the Company who files a lawsuit against the Company, its Board Chairman, any Board member, or its executive management before a competent court shall have the right to obligate the defendant (s) to do the following:
  - a. Provide the information which the defendant has based his defense thereon before the court, the information that directly proves specific facts of the claim which the plaintiff shareholder has filed with the court, and any other information relevant to the claim subject.
  - b. to the case, without limitation.
4. A shareholder who files a liability lawsuit against the Board or any Board

member shall be entitled to question the defendant and/or defendants and testimonies directly during the court sessions.

## **Article (49)**

### **The Required Controls to Ensure Shareholders' Practice of their Rights**

The Company Articles of Association and internal by-laws shall include the required procedures and controls to ensure all the shareholders' practice of their rights, including:

1. Providing all the information that enables the shareholders to practice their rights duly and indiscriminately, including their awareness of the rules that govern general assembly meetings and voting procedures. Such information shall be complete and accurate and shall be provided and updated regularly on a timely basis, including any information with regard to the Company proposals before voting in meetings, or any other information.
2. Providing an opportunity to all shareholders to participate effectively in the deliberations of the general assembly meetings and vote on its resolutions. Shareholders shall have the right to discuss and raise questions regarding the listed topics in the agenda to the Board members and the auditor, and the Board or the auditor shall answer such questions to the extent that the interests of the Company are not compromised.
3. Avoiding imposition of any restrictions that may lead to prevent the shareholder from using his/her right of voting and facilitating shareholders' practice of such right.
4. Preventing imposition of any restrictions on free trading of the Company shares in the Market.

## **Article (50)**

### **Distribution of Profits**

1. The right to share the profits, whether "cash dividends or bonus shares", shall be in accordance with the regulation for trading, clearance, settlements, transfer of ownership, and safekeeping of securities, as well as the resolutions issued by the Authority.
2. Each shareholder shall have an investor number and a bank account number recorded at the Company.
3. The Company shall deposit cash dividends of the shareholders registered on the tenth day as of the day following the date of the general assembly or Board meeting in which such profits are decided to be distributed and in accordance with the mechanism approved by the Authority, provided that payment of the cash dividends due to the shareholders shall be within thirty days as of the date of issuance of the decision approving such dividends.

# Article (51)

## Investor Relations

The Company shall comply with the following controls:

1. Appointing an employee to undertake all the duties in relation to managing investor relations, such employee shall meet the following conditions:
  - a. Command of both spoken and written Arabic and English.
  - b. A university degree as well as practical experience in the fields of business, accounting, or investors public relations.
  - c. Familiarity with relevant legal and legislative requirements.
  - d. Full knowledge of the Company activities and potential opportunities.
  - e. Ability to use various means of communication and possession of the skills of communication with investors in securities.
  - f. Ability to deliver the Company technical and financial information that may require a specialist to clarify and simplify to investors.
2. Creating a webpage for investors relations on the Company website and updating and maintaining it regularly in compliance with international standards; such webpage shall include:
  - a. Data and means of communication with Investors Relations Department, like telephone number and email,
  - b. All the reports relevant to financial results, whether archived or published,
  - c. Statements of the financial year including dates of publication of financial results statements,
  - d. Minutes of the general assembly meetings, and
  - e. Any other important events.
3. Publication of the information and data disclosed to the regulatory authorities, markets, or the public, on the Company website; such information and data shall include, for example:
  - a. News, events, developments, and material information of the Company.
  - b. Annual and interim financial statements and reports of the Board for several past years.
  - c. Governance reports.
  - d. Shareholding structure and percentage of ownership.
  - e. Regularly updated general information on the Company official website concerning its activities, business strategies, vision, and future plans.
  - f. Information on the price of the Company share in terms of: the closing price, opening price, highest and lowest prices throughout the year, different values of the share, and some financial indicators.
  - g. Information about shareholders' pending dividends and the mechanism of collection of such dividends.
  - h. Contact information of investor relations employees and mechanism of submitting opinions, comments, and inquiries.
4. Formation of a committee comprised of senior employees in the event of a

crisis; such committee shall design a plan for communication with investors and the media with regard to the practical steps the Company takes to face the crisis and shall designate an official spokesperson to undertake the said communication process in the name of the Company and disclose the same on the company website of the market and company.

5. Publication of preliminary presentations clarifying the Company financial status, strategies, and future expectations, at least once annually, provided that such presentations shall be updated after each disclosure of financial results (quarterly, half-annually).

6. Setting the required procedures for providing all the data and information for the investors relations employee, including Board decisions once issued as well as periodic and annual financial statements upon approval thereof by the Board, to enable the investor relations employee to implement his/her duties stipulated in this article.

## **Article (52)**

### **Stakeholders' relationships management**

**The Board shall establish clear and written policies and procedures that regulate the relationship with stakeholders in order to protect them and ensure their rights, including, in particular:**

1. The Code of Business Conduct for company managers and employees, which is prepared pursuant to appropriate professional and ethical standards, regulating their relationship with stakeholders, provided that the Board shall establish mechanisms to supervise implementation and compliance with these rules.
2. Ensure that the Company transactions with the Board members and related parties are concluded on terms consistent with those of stakeholders, without any differentiation or favoritism.
3. Stakeholders must have necessary information about the company activities to enable them to perform their tasks. Such information shall be correct and sufficient, and shall be provided in a timely and regular manner.
4. Dealing with the company employees in accordance with the principles of justice and equity without differentiation.

## **Chapter (6): Board Committees**

### **Article (53)**

1. Each committee, once formed, shall be accountable to the Board for its activities. This does not mean that the Board shall be exempted from responsibility for the activities, functions and powers delegated there by to this Committee.

2. The Board shall ensure the proper composition, qualifications and competencies of the Board members Committees.

3.If the Board members are five or less, the Board may combine the committees of auditing and risks.

## **Article (54)**

### **Dual Governance Structure**

- 1.The provisions of Articles 54 to 57 shall apply to companies that choose to apply a dual governance model.
- 2.The company may opt to adopt a dual governance structure consisting of internal committees composed of its Board members, in the form of two committees, one of which is the control committee and the second is the executive committee.
- 3.A decision of dual governance structure adoption shall be issued by majority votes of all Board members and shall be approved by the Annual General Assembly. The chairman shall inform the Authority and Market about the decision, and disclose the same in the company website.
- 4.Both the control committee and the executive committee shall be responsible for the company governance and compliance to this regulation.

## **Article (55)**

### **Control committee**

**First: The Control committee shall undertake the following tasks:**

- 1- Supervising the Executive Committee.
- 2- Appointment and dismissal of members of the Executive Committee.

**Second: Formation of the Control committee:**

1. All members of the Control committee shall be non-executive members.
2. Members of the Executive Committee may not be appointed as members of the Control committee two years before their appointment at the Executive Committee, unless upon the request of shareholders holding over (25%) of the voting rights of the Company. In this case, appointment as a chairman of the Control committee represents an exception, which shall be justified to the General Assembly.

**Third: The member of the control committee shall be fully responsible for his duties, even if he delegated some of his powers to committees, individuals or to third parties.**

## **Article (56)**

### **Executive committee**

**First: The Executive committee shall undertake the following tasks:**

1. Daily manage the company.
2. Develop and implement the company strategy approved by the Control committee.

3. Implement risk management framework approved by the Control committee.

**Second: A member of the Executive Committee shall be fully responsible for his duties even if he delegated some of his powers to committees, individuals or to third parties.**

**Third: Meetings of the Executive Committee:**

1. A member of the Executive Committee shall attend all meetings and may not be represented by proxy in meetings by any other member of the Executive Committee. Non-Board members may attend the meetings under permission from the chairman of the Executive Committee.

2. Majority of the Executive Committee members shall constitute a quorum for the meeting.

3. Decisions of the Executive Committee shall be made by a majority of the presenting votes, in case of equality, the chairman shall have a casting vote.

4. The meetings of the Executive Committee shall be recorded in minutes containing details of the meeting, in particular the names of the attendees, their deliberations, the results of the voting, recommendations and any reservations, if any, and shall be signed by all members presenting.

## **Article (57)**

### **Cooperation between the control committee and the executive committee**

1-The Executive committee shall coordinate and report on the company strategy and implementation thereof to the control committee on a quarterly and annual basis.

2-The control committee shall supervise the implementation of the long-term strategy by the Executive Committee. The control committee shall discuss regularly and the implementation thereof, along with main risks associated therewith.

3-The Executive Committee shall be responsible for keeping the Control Committee aware of the following:

A-All matters relating to the Company regarding financial and non-financial performance, strategy, planning, business development, risk situation, risk management and compliance.

B-Developing the current works according to what is targeted and indicating any differences therein.

4-The Control Committee shall be in regular contact with the executive committee, in particular the Chairman of the Executive Committee, to discuss them in matters of strategy, planning, business development, risk situation, risk management and compliance. The Chairman of the Executive Committee shall inform the Chairman of the Control Committee without delay about key events which are of fundamental importance for the evaluation of the Company status and performance, as well as for the management of the Company.



## **Article (58)**

### **Permanent Committees**

- 1.The Board shall form Permanent Committees that subordinate directly thereto.
- 2.The Permanent Committees are the Nomination and Remuneration Committee and the Audit Committee. These Committees are composed of at least three non-executive board members, provided that at least two members of the Committee, whatever its number, of the independent members and that the Committee is chaired by an independent member. The Board Chairman may not be a member of any of such committees. The Board shall notify non-executive members in committees concerning with the functions that may result in conflicts of interest, such as ensuring the soundness of financial and non-financial reports, determining the remuneration of those members, and reviewing transactions with stakeholders.
- 3.Committees shall be formed in accordance with procedures established by the Board, which shall include a definition of the Committee task, duration of work, powers granted thereto and how the Board shall control it. The Committee shall submit a written report to the Board on the procedures, findings and recommendations reached in absolute transparency. The Board shall ensure monitoring the committee work in order to verify its commitment to the work entrusted thereto.

## **Article (59)**

### **Nomination and Reward Committee**

**The Board shall form a permanent committee called the Nomination and Reward Committee. The Committee shall hold its meetings once during the year or whenever the need arises, with the following tasks:**

- 1.Develop a policy to apply for membership of the Board and Executive administration, aiming at take into account gender diversity within the formation and encouraging women through incentive and training programs and benefits, and to provide the Authority with a copy of such policy and any amendments thereto.
- 2.Organize and follow up the procedures for applying for membership of the Board in accordance with the applicable laws and regulations and the provisions of this resolution.
- 3.Ensure the independence of independent members on an ongoing basis.
- 4.Ensure availability of continuity of the membership conditions in the Board members annually.
- 5.If the Committee finds that a member lacks the conditions of independence, it shall submit the matter to the Board to notify the member by a registered letter to his address known to the company about the grounds of lacking independence. The member shall reply to the Board within fifteen days from the notice date. The Board shall issue a decision that the member is independent or not independent

at the first meeting following the member reply or expiration of the period referred to in the preceding paragraph without reply.

6. Subject to the provisions of Article (145) of the Companies Law, if the decision of the Board regarding lacking of reasons or justifications for the member independence affects the minimum percentage of its independent members, the Board shall appoint an independent member to replace this member if he submitted its resignation due to lack of independency. If the member refuses to resign, the Board shall present the matter to the general assembly for a decision to approve the appointment of another member or to open the door for candidacy for electing a new member.

7. Prepare and review the policy on granting rewards, benefits, incentives and salaries to the Board members and the staff therein, on an annual basis. The Committee shall ensure that the rewards and benefits granted to senior executive administration are reasonable and commensurate with the performance of the Company.

8. Ensure linking the remunerations and bounces, including the other deferred options and remunerations and benefits offered to senior executive management in the performance of the company in the medium and long term

9. Annually review the required needs of the suitable skills for Board membership and prepare a description of the abilities and qualifications required for Board membership, including determining the time that the member should set for the Board work.

10. Review the structure of the Board and make recommendations regarding possible changes.

11. Identify the company needs of competencies at the level of senior executive management and staff and the basis of selecting them.

12. Prepare the policy related to human resources and training in the company and monitor its implementation, along with reviewing it annually.

13. Any other matters determined by the Board.

## **Article (60)**

### **Audit Committee**

1. The Board shall form a permanent committee called the audit Committee. All members of the Committee shall have knowledge and expertise in financial and accounting matters, while one of them at least shall have a previous work experience in the field of accounting or financial matters, and hold a scientific qualification or professional certificate in accounting, financial or other related matters. One or more members may be appointed from outside the company in the absence of a sufficient number of non-executive Board members.

2. Any former partner to the Audit Office entrusted to audit the Company accounts shall not be a member of the Audit Committee for a period of one year from the date of expiry of his capacity as a partner or expiry of any financial interest he has in the Audit Office, whichever comes later.

3.The Company shall provide the Audit Committee with adequate resources to perform its duties, including authorizing the use of experts whenever required.

## **Article (61)**

### **Duties of the Audit Committee**

The Audit Committee shall perform the following tasks and duties:

- 1.Review the company financial and accounting policies and procedures.
- 2.Monitor and review the integrity of the Company financial statements and reports (annual, semi-annual and quarterly) and its control regulation as part of its normal operation during the year. It shall concentrate in particular on the following:
  - a.Any changes in accounting policies and practices.
  - b.Highlighting of the aspects subject to the management discretion.
  - c.Ensure that the company annually updates its policies, procedures and control systems.
  - d.Substantive amendments resulting from the audit.
  - e.Assumption of business continuity.
  - f.Compliance with the accounting standards established by the Authority.
  - g.Compliance with listing and disclosure rules and other legal requirements related to financial reporting.
- 3.Coordinate with the company Board, senior executive administration, the financial manager or the manager delegated with the same duties in the company, in order to perform its duties.
- 4.Consider any significant and unusual terms contained or to be contained in such reports and accounts, and shall give due consideration to any matters raised by the Company Chief Financial Officer, the manger delegated with the same duties, the compliance officer or the auditor.
- 5.Raise recommendations to the Board regarding the selection, resignation or dismissal of the auditor. In case the Board does not approve the Audit Committee recommendations in this regard, the Board shall attach to the governance report a statement explaining the Audit Committee recommendations and the reasons why the Board has not followed them.
- 6.Develop and implement the policy of contracting with the auditor, and submit a report to the Board, outlining the issues that it deems necessary to be taken, along with providing recommendations for steps to be taken.
- 7.Ensure that the auditor meets the conditions stated in the applicable laws, regulations and decisions and in the company articles of association, along with following up and monitoring its independence.
- 8.Meet the auditor of the company without presence of any of the senior executive management personnel or its representatives, and discuss the same with regard to the nature and scope of the audit process and its effectiveness in accordance with the audited standards.
- 9.Approve any additional works made by an external auditor for the company

and the fees received in consideration for that works.

10.Examine all matters related to the auditor work, his work plan, correspondence with the company, his observations, suggestions and reservations, and any substantial queries raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems, in addition to following up the response of the company management and provision of the necessary facilities to do his work.

11.Ensure that the Board responds in a timely manner to the clarifications and substantive issues raised in the auditor letter.

12.Review and evaluate the company internal auditing and risk management systems.

13.Discuss the internal auditing system with the Board, and make sure it performs its duty with regard to establishing an effective internal control system.

14.Consider the results of the main investigations regarding the internal auditing matters assigned to it by the Board or at the initiative of the Committee and the approval of the Board.

15.Review the auditor evaluation of the internal control procedures and ensure that there is coordination between the internal and external auditors.

16. Ensure of the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.

17.Examine internal auditing reports and follow up implementation of corrective actions of the observations contained therein.

18.Establish controls that enable the Company employees to report confidentially on any potential violations in the financial reports, internal auditing or other matters, and the steps to ensure making an independent and fair investigation of such violations.

19.Monitor the company compliance with the rules of professional conduct.

20.Review related party transactions with the Company, ensure that there are no conflicts of interest and raise recommendations about them to the Board before concluding them.

21.Ensure the application of the business rules of its functions and the powers entrusted to it by the Board.

22.Submit reports and recommendations to the Board on the above matters mentioned in this Article.

23.Consider any other matters determined by the Board.

## **Article (62)**

### **Audit Committee Meetings**

1.The auditing committee shall meet at least every three months or as required.

2.The meetings of the Audit Committee shall be held periodically with the external and internal auditors of the company.

3.The Internal Auditor and the External Auditor may call for a meeting with the Audit Committee at any time, whenever required.

# **Article (63)**

## **Risk Committee**

**First: The Board may form a permanent committee responsible for the risks. The members of such committee shall have sufficient level of knowledge to manage the risks related to the company activities.**

**Second: Functions of the Risk Committee:**

1. Develop a comprehensive risk management strategy and policies that are consistent with the nature and volume of the Company activities, monitor its implementation, review and update it, based on the company internal and external changing factors.
2. Identify and maintain an acceptable level of risks that the Company may face, and ensure that the Company does not exceed such level.
3. Supervise the risk management framework of the company and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the company, in order to identify areas of inadequacy and adequacy.
4. Provide guidance to management, as needed, to assist them in improving their risk management practices and / or mitigating certain risks, including the presence of qualified management personnel to carry out risk management activities effectively.
5. Obtain assurance from the executive management and internal audit that the risk processes and systems operate effectively with appropriate controls, in addition to compliance with approved policies.
6. Prepare detailed reports on the level of exposure to risks and recommended procedures for managing such risks, along with submitting them to the Board.
7. Make recommendations to the Board on matters relating to risk management.
8. Ensure of the availability of adequate resources and systems for risk management.
9. Report regularly to the Board on the Company risk profile and promptly inform the Board of any significant changes in the volume of the risk.
10. Verify that the risk management personnel are apart from the activities that may expose the Company to risks.
11. Review any matters raised by the Audit Committee that may affect the Company risk management.
12. Review appointment, performance and replacement of the chief risk officer and monitor the effectiveness of the risk management unit in general.

**Third: Risk Committee Meetings:**

The Risk Committee shall hold meeting at least once every three months. A meeting of the Committee may be called for by its chairman or by any two of its members.

## Article (64)

### Technology Committee

**First:** The Board may form a technology committee whose purpose is to assist the Board in performing its control responsibilities with respect to the overall role of technology in execution of the Company business strategy, including, but not limited to, the main technology investment, technology strategy, operational performance and technology directions.

The committee includes at least a relevant executive from the company and industry expert.

**Second: Tasks of the Technical Committee:**

1. Review and approve the company' technology planning and strategy.
2. Review technology investments and major expenditures;
3. Monitor and evaluate current and future technology directions that may affect the Company strategic plans and business, including monitoring the general industry trends.
4. Review the management reports on the Company technology operations, including, inter alia, the performance of the software development project, the performance of the technical operations, the technology infrastructure and key technology investments, and adopt the relevant policies, or recommend such policies to the Board for approval, as deemed appropriate.
5. Carry out any other activities consistent with the Company bylaws and the law in force as specifically authorized by the Board to the Committee.

**Third: Meetings of the Technology Committee:**

The Committee shall hold its meetings to the extent necessary for the performance of its duties and responsibilities, not less than a semi-annual meeting. The meeting of the committee may be convened by its chairman or any of its two members.

**Fourth:** Notwithstanding any provisions of this Regulation, the responsibility for supervising the risks associated with the technology, including risk assessment and risk management, remains the responsibility of the Board Risk Committee, with reporting to the Board Audit Committee, as deemed appropriate.

## Article (65)

### General provisions for Committee Meetings

1. No Board member or the Executive Management, except a Secretary or a member of the Committee, may attend the meetings of the Committee unless the Committee requests his opinion or advice.
2. The majority of the members of the Committee shall constitute a quorum for the meeting (in person, not by proxy). Decisions of the Committee shall be made by a majority of the votes presenting, and in case of equality of votes, the chairman shall have a casting vote.
3. The meetings of the committees shall be documented. Certified records shall

be prepared, and the recommendations of the committees and voting results shall be documented and retained, including the names of attendees and any reservations they have made (if any). These minutes shall be signed by all members presenting.

4. Committees shall document its works through certified records, including decisions relating to its works. Each committee shall report on its activities to the Board regularly and at each meeting of the Board, and shall make such recommendations, as it deems necessary or appropriate.

5. The committees shall invite consultants/members other than the Board members as committee members. These members shall subject to the same obligations to which the Board members subject. The non-Board members shall not represent more than third of the committee members.

6. The committee member shall attend all meetings and shall not be represented in the meetings by proxy from other members. Non-committee members (other board members, executive officials or other external individuals) attend the meetings based on an invitation from the committee head.

## **Chapter (7): Risk Management, Compliance and Audit**

### **Risk Management**

#### **Article (66)**

##### **Risk Management and Internal Auditing**

1. The risk management and internal auditing consists of internal auditing, risk management and compliance function.

2. The Company Board shall ensure, through the Audit and Risk Committees, in consultation with the senior executive management, that appropriate systems and procedures are in place for effective risk management and internal auditing. The Board shall, in particular:

a. Adopt risk management procedures and ensure compliance with these procedures.

b. Analyze, evaluate and approve the effectiveness of internal risk management procedures and internal controls on a regular basis.

#### **Article (67)**

### **Risk Management**

1. The Board shall ensure that the Company has an independent internal auditing function responsible for ensuring that the risk management, governance and internal auditing frameworks operate effectively.

a. The internal auditing function shall be carried out by a qualified person (s) with appropriate levels of authority in the company, and shall be provided with the training and resources necessary to carry out their functions effectively. The

company may entrust the internal auditing function to external sources.

b. The internal auditing function shall subordinate to the Audit Committee functionally and the Executive Manager administratively.

c. The internal auditing function shall give access to information and documents and shall be independent from management, in order to ensure objective reporting and analysis.

## 2. Responsibilities of Internal Auditing:

a. The Internal Auditing Department shall operate according to a comprehensive audit plan approved by the Audit Committee. Such plan shall be updated annually or as needed, and shall annually review- at least - key activities and operations, including risk management and compliance activities.

b. Special Investigations: The Internal Auditing Department shall conduct special investigations as approved by the Audit Committee.

## 3. Internal Auditing Reports:

a. The Internal Auditing Department shall prepare and submit an internal report on its activities quarterly -at least - to the Audit Committee. This report shall include an assessment of the Company internal auditing system and department opinion and recommendations. This report shall also identify the actions taken by each department in dealing with the findings and recommendations of the previous audit and any notes thereon, in particular, failure to deal immediately with the findings and recommendations and the reasons for such failure.

b. The Internal Auditing Department shall prepare a report to be submitted to the Board and the Audit Committee regarding its audit activities during the financial year compared to the approved plan. This report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year. The Board shall determine the scope of the Internal Auditing Department report in light of recommendations made by the Audit Committee and Internal Auditing Department. In particular, the report shall cover:

- Financial and investment control procedures and risk management and supervision procedures.
- Assessment of the development of risk factors that threaten the company and existing systems to address radical or unexpected changes in the capital market.
- Assessment of the performance of the Board and senior management with regard to the implementation of internal auditing systems, including determining the times the Board has been informed of internal auditing issues, including risk management, and a description of the manner followed to handle them.
- Cases of failure or points of weakness in executing the internal auditing or emergency situations that have affected or may affect the financial performance of the company, and the actions taken by the company to deal with such cases of failure / situations, in particular matters disclosed in the company annual reports and financial statements.
- Scope of compliance with internal controls when identifying and managing risks.
- Information describing the company risk management operations.

## 4. Risk Management Officer:

The risk management officer shall be responsible generally for developing and implementing a detailed risk management framework. It shall advise the internal



auditing department on public governance and best practices in risk management industry to ensure effective risk management.

#### 5. Administrative Subordination of Risk Management Officer:

The Risk Officer is a part of the senior management of the company and is functionally subordinates the risk committee, and administratively subordinates the CEO.

#### 6. The Risk Management Officer shall perform the following tasks:

- Carry out the functions of general leadership, vision and direction of the risk management of the company.
- Set out an integrated risk management framework for all risk elements of the company.
- Develop a comprehensive process to assess, identify, monitor and reduce related risks that may interfere with the company purposes and objectives.
- Ensure that the Company is in full compliance with internal operational policies and procedures and any external legal, regulatory or contractual requirements.
- Coordinate the Company risk management efforts, outline risks and controls for senior management and the Board, and submit recommendations.
- Set out a smart culture of risk tolerance, awareness raising, and use of advanced risk management practices through educational programs, training and personal monitoring operations with senior executives, management of business units and staff in general.
- Maintain regular updates on directions and developments in risk management industry, and ensure that relevant knowledge and information are passed on to business managers within the company.
- Provide an independent view on proposed business plans and transactions.

#### 7. The Risk Officer shall have:

- Sound understanding of risk management principles and practices.
- Ability to think strategically and communicate at all levels of the company management.
- Ability to organize and motivate others in a higher seniority position.
- Ability to work at all levels of management and across business units and departments.
- Have the ability to solve problems.

## **Article (68)**

### **Internal Auditing**

**The annual audit shall include the following elements, specifically:**

1. Key elements of control, including control over financial affairs, operations and risk management.
2. The changes that have taken place since the last annual audit on the nature and extent of major risks and the company ability to respond to changes in its business and external environment.
3. The scope and quality of the Board ongoing control of risks, the internal auditing system and the work of the internal auditor.
4. The number of times wherein the Board or its committees are informed of the

results of the control works to enable it to assess the internal auditing situation in the company and the effectiveness of risk management.

5.Cases of detected failure or weakness in the auditing system or unforeseen emergency circumstances that have or may have a material impact on the financial performance or position of the Company.

6.Effectiveness of the company operations related to financial reporting and compliance with listing and disclosure rules.

7.Verify all transactions, whether they are made with a related party or involve conflicts of interest or not, and verify compliance with the procedures governing such transactions.

## **Article (69)**

### **Compliance Officer**

1.The Compliance Officer shall be primarily responsible for supervising compliance within the institution and ensuring compliance with the laws, statutory requirements, policies and procedures. The Compliance Officer shall provide confirmation to senior management and the Board that effective, efficient and well understood policies and procedures, which are observed by all employees and that the company complies with all statutory requirements.

2.Administrative Subordination of Compliance Officer:

3.The Chief Compliance Officer subordinates directly the Executive Director in terms of administration, and the Audit Committee in exercising his / her duties. He / she shall report to the Board on significant matters and irregularities.

4.Below are the roles and responsibilities of the Compliance Officer:

a.Identify the necessary level of knowledge regarding existing and potential organizational compliance requirements of the institution.

b.Set out an annual compliance action plan that reflects the unique characteristics of the institution.

c.Review compliance plan periodically in light of the changes.

d.Direct compliance teams in a productive and professional manner.

e.Supervise and monitor the compliance program.

f.Provide guidance, counseling, training and / or educational programs to improve the facility understanding of relevant laws and regulatory requirements.

g.Provide strategic direction to the Company management on compliance.

h.Prepare and submit clear and brief compliance reports to the Board.

i.Communicate with regulatory bodies on compliance matters.

j.Coordinate efforts related to audits, audits and examinations.

k.Set out policies and programs that encourage managers and staff to report suspected fraud and other inappropriate actions.

l.Coordinate internal compliance audit and control activities, including periodic departmental reviews.

m.Perform independent investigation and take actions on compliance matters.

n.Monitor external audits.

5. The function of compliance officer may be combined with the internal auditing function.

## **External Auditing**

### **Article (70)**

### **Auditor Selection**

1. The Company shall assign the function of auditing its annual accounts to an independent external auditor having the necessary experience and qualifications to prepare an objective and independent report to the Board and shareholders, indicating whether the financial statements of the Company clearly and impartially reflect the financial position and performance of the Company in key areas.

2. The Board shall nominate one or more auditor upon the recommendation of the audit committee. The auditor shall be appointed and its remuneration shall fixed under a resolution of the general assembly of the Company.

3. Such auditor shall be recorded in the Authority register of professional auditors.

4. The auditor shall be selected based on criteria of efficiency, reputation and experience.

5. None of the employees of the auditing office may be appointed at the Company Senior Executive Management before the lapse of two years at least as of the date of such employee leaving the auditing of the Company accounts.

## **Article (71)**

### **Auditor Duties**

1. The auditor shall practice the works assigned to him/her independently and unbiasedly.

2. The auditor shall supervise the Company works, examine the Company administrative and financial systems and internal auditing systems, give an opinion as to the effectiveness of such systems, and ensure their appropriateness for smooth flow of the Company works and preservation of the Company assets.

3. The auditor shall give an opinion concerning the correctness of the Company financial statements and demand amendment where necessary.

4. The auditor shall verify the Company ownership of its assets and legality of the Company obligations.

5. The auditor shall attend the meetings of the general assembly and read his/her report to the shareholders and answer their questions and inquiries in relation to the final financial statements.

6. The auditor shall report to the Authority and the supervisory authorities any material violations or obstructions and their details.

## **Article (72)**

### **Prohibitions of Auditors**

The auditor shall not, while performing an audit/review of the Company accounts, perform any additional technical, administrative or consultation services or works in connection with its assumed duties that may affect its decisions and independence or any services or works that the Authority decides that an auditor shall not perform during the performing of an audit/review of the Company accounts, in particular:

1. Providing any other accounting services or works in connection with accounting records and financial statements, excluding routine accounting services that may be rendered by the auditor to a Subsidiary Company of the Company which accounts are audited by the auditor, where the following conditions are met:
  - a. The Subsidiary Company is not a material part of the Company which accounts are audited by the auditor.
  - b. These services are clearly immaterial for the auditor and the Subsidiary Company.
  - c. The auditor provision of this service does not materially affect the financial statements of the Parent Company.
2. Designing or developing any information systems if they have a material effect on financial statements or relevant control systems.
3. Providing any internal audit services or works pursuant to a subcontract.
4. Providing any actuary services or works.
5. Providing any assessment or valuation services or works of the Company during performing, or taking part in, the audit.
6. Providing any administrative services or works or employment services for the Company human resources in the financial management or administrative positions, starting from heads of divisions as well as senior or junior administrative or supervisory positions.
7. Providing any brokerage in securities services or works.
8. Providing any consultations.
9. Providing any expertise services or works.

## **Article (73)**

### **Consultancies and Works authorized to the Auditor**

1. The auditor shall provide the following investment consultations:
  - a. Assisting the client in preparing feasibility studies and strategic plans.
  - b. • Capital restructuring consultations.
  - c. • Auditing/ review service in relation to the companies that the customer intends to purchase.
2. In the cases mentioned in Clause (1), the audit committee shall verify that:
  - A. Policies and procedures are in place to prevent the auditor employees from making a decision in connection with the Company management;

B.The auditor employees who provide the above-mentioned services shall not participate in the audit process;

C.The subject of service shall not be of value or effect on the financial statements of the Company which accounts are audited by the auditor.

3.- The auditor may provide supporting expertise works in connection with a lawsuit before a court.

## **Chapter (8): Governance Disclosure**

### **Article (74)**

#### **Information Disclosure and Transparency**

The Board shall set the policies and procedures related to disclosure according disclosure requirements stipulated in the applicable in the Authority and markets, taking the following in the consideration:

- 1.These policies shall include appropriate disclosure methods that enable shareholders and other stakeholders to access financial and non-financial information related to the Company performance and information regarding equity ownership, and obtain a comprehensive view of the Company position.
- 2.Disclosure shall be made available to shareholders and investors without discrimination clearly, correctly and sincerely and in an orderly and accurate manner to enable shareholders and other stakeholders to exercise their rights to the fullest extent.
- 3.The company website shall include all information required to be disclosed and any other details and information that can be published through other disclosure methods.
- 4.Setting the rules of reporting the information required to be disclosed and method of classifying thereof in terms of nature and times of disclosure.
- 5.Reviewing the disclosure polices periodically and their compliance to the best practices and provisions of capital market law.

### **Article (75)**

#### **Board Disclosure**

The Board shall organize the disclosure for each of its members and members of the executive management, taking into account the following:

- 1.Maintain a record of Board members' and executive department members' disclosure, and updating the same regularly in light of the disclosures required under the applicable legislations of the Authority and Markets.
- 2.Making the record available to the shareholders of the Company free of charge.

### **Article (76)**

# Disclosure of Integrated Report

1. In addition to the audited financial statements and non-financial information, the company shall disclose the integrated report:
2. The integrated disclosure shall be based on the following guidelines:
  - a. Strategic focus.
  - b. Future guidance.
  - c. Relational information.
  - d. Responsiveness and inclusiveness of stakeholders.
  - e. Brevity, reliability and substance.
3. The integrated report shall be disclosed through any of the following methods:
  - a. High-level report contains detailed reports including the financial and operational matters that affect positively on the company ability to create value creation.
  - b. Disclosing a distinct, prominent and accessible part of another report which also includes the annual financial statements and other reports.
4. The Board shall supervise publishing the integrated reports combining the various branches of reports (financial reports, managerial feedback reports, governance and remuneration reports, sustainability reports) as a whole m demonstrating the organization ability to create and maintain value.
5. The integrated report shall include the following:
  - A. Board Report
  - B. Auditor Report
  - C. Annual financial Data and their notes.
  - D. Governance reports.
  - E. Sharia Control Committee Report.
6. The integrated report does not include compliance-based reports.
7. The integrated disclosure for each company may be different and focuses on the company business model.

## Article (77)

### Corporate Governance Information

**First:** The company shall submit a governance report signed by the chairman in accordance with the form prepared by the Authority and available on the Authority website and market.

**Second:** The annual report shall include a corporate governance report includes the following at least:

1. The names of Board members, chairman, vice-chairman and other persons occupying main jobs in the company, a brief biography of each member including its qualifications and experience, and the identification of the independent member (s) as well as other positions in the Board or senior management they hold in other companies or institutions.
2. Committees and Board members, the authorities and assignments entrusted thereto and activities carried out during the year.

3. Number of meetings held by Board and Board Committees as well as names of the attendees.
4. The names of the major shareholders who directly or indirectly own more than five percent of the company shares in addition to a brief summary of the changes in the company capital structure.
5. Report on the risk management framework and internal controls, including the following:
  - a. The applicable corporate governance rules.
  - b. The self-evaluation approach of the Board performance.
  - c. Internal audit procedures and the scope of their full application by the Board.
6. Details and reasons for any compensation and allowances received by each Board member and Board committees for the financial year.
7. A statement of the company directors and the first and second grades as stated in the organizational structure of the company and their functions, dates of appointment, details of salaries, bonuses received by each of them separately and any other compensation received from the company, clarifying the consideration for these compensations.
8. Compensation of the Board members and all members of the Company administrative body, including remuneration and any incentive programs related to securities issued or guaranteed by the Company.

**Third: The Board shall make this report available to all company shareholders before submitting an application to the Authority to approve holding of the Annual General Meeting.**

## **Article (78)**

### **Provision of Additional Information and Data**

The Authority and the Market may request the company to provide any additional information or details it deems necessary to verify its compliance to the provisions of this guide.

## **Chapter (8): General Provisions**

### **Article (79)**

#### **Subsidiary Governance**

1. The provisions stipulated in this article shall apply to companies forming one group:
2. Framework  
This regulation shall provide a framework necessary for governing the subsidiaries. The Parent Company Board shall be responsible for governance at all levels of the Group by determining how governance within the Group is addressed and conducted.
3. The Parent Company Board must approve the Group governance framework that sets the powers within the Group.
4. The Parent Company Board shall ensure that the subsidiary Board (if any) has set the subsidiary frame work.

5. The Parent Company Board shall ensure that the Group governance does not contradict with the power authorization, shareholder agreements, Board regulations, Board Committee competences and the related policies within the Group.

6. Group Governance framework shall include the following:

a. Planning of rights and roles of the parent company.

b. Governance as it relates to the parent company policies and procedures adopted by the subsidiary.

c. Participation of the Parent Company Board with the Subsidiary Board prior to the parent company exercise of its right to elect the members of the Subsidiary Board.

d. Legal obligation imposed on the Board member in terms of not using the information obtained as a member of one subsidiary for the purposes of another company within the group.

7. The parent company shall verify performance of the governance framework in the group.

## **Article (80)**

### **Company Capital Increase**

Subject to the provisions of Companies Law, the company shall obtain the consent of its shareholders upon issuance of new shares after obtaining the Authority approval, provided that the Central Bank approval shall be obtained in the case of the companies under its supervision.

## **Article (81)**

### **Corporate Social Responsibility**

1. The General Assembly shall, in the light of a Board recommendation, set a policy to ensure a balance between the objectives of the Company and those of the community in order to promote the socio-economic conditions of the community.

2. The Board shall develop the programs and shall determine the means necessary for proposing socio-economic initiatives by the Company, including:

A. Develop indicators that link the company performance with its socio-economic initiatives, and compare them with other companies involved in similar activities.

B. Disclose social responsibility objectives of the company to its employees and raise their awareness and knowledge of social responsibility.

C. Disclose the plan of achieve social responsibility in periodic reports on the activities of the company.

D. Develop awareness programs for the community to introduce the company social responsibility initiatives.

## **Article (82)**



# **Breach of Guide Provisions**

**1. Upon breaching the provisions contained in the governance guide, the Authority may impose any of the following penalties.**

A. Addressing a warning to the company, Board member, managers and/or accounting auditors.

B. Imposing financial fine that don't exceed the maximum mentioned in the Companies law.

C. Referring the breach to the public prosecution.

2. These penalties shall apply on the acts violating the provisions mentioned in this decision, provisions of Authority's Board of Directors' decision No. (42) of 2015 regarding controls and procedures of Conciliation in Offenses Relating to Public Joint Stock Companies.

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