



شركة مزايا للتطوير العقاري ش.م.ع.ق.  
Mazaya Real Estate Development Q.P.S.C.

**Board of Directors Charter**

**V1.0**

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## INTRODUCTION

### 1. Introduction

- 1.1 The Board Charter constitutes the company's corporate values and includes internal policies and procedures which are binding upon the members of the board, the executive management, the company's staff, and the company's advisors.
- 1.2 This Board Charter and corporate governance rules (the “**Board Charter**” or the “**Charter**”) outlines the essential rules for the management and supervision (governance) of Mazaya Real Estate Development Company Q.P.S.C. (“**Mazaya**” or the “**Company**”) and contains internationally and nationally recognized standards for good and responsible governance. This Board Charter aims to make the company's corporate governance system more transparent and understandable.

### 2. Charter online

- 2.1 This charter is posted on the company's website.

## CHAPTER I: COMPOSITION OF THE BOARD, POSITIONS, AND COMMITTEES

### 1. Size, expertise, and independence

#### 1.1 Number of members

1.1.1 The board shall have nine (9) board members.

#### 1.2 General composition

1.2.1 The board shall ensure that:

- No less than one-third (1/3) of the board members are independent, as defined under Paragraph 1.3.1.
- The majority of the board members shall be non-executive board members. A non-executive board member is not dedicated to the company full-time or who does not receive a wage from the company.
- A seat may be allocated to represent the minority, with another seat available to represent the company employees.

1.2.2 In all cases, the board composition shall ensure that the issuance of board decisions is not dominated by one or more member(s).

1.2.3 A board member, whether in person or in another capacity, should not hold the office of board member for more than three shareholding companies with headquarters located in the State of Qatar, or combine two memberships of two companies exercising a homogenous activity.

1.2.4 It is also prohibited to combine the position of the chairman with any other executive position in the company. The chairman shall not be a member of the Audit Committee, or the Nomination and Remuneration Committee.

#### 1.3 Independence

1.3.1 As defined in the code, a board member shall be considered non-independent if he/she, for example but not limited to:

- Owns at least (1 percent) of shares of the company, or any company within the group.
- Is a representative of a legal person who owns at least (5 percent) of shares of the company, or any company within the group.
- Has been a member of senior executive management of the company, or any company within the group, during the financial year preceding board election.
- Has a first-degree relative relationship with any board member or senior executive management of the company, or any company within the group.
- Is a board member of any other company, within the company group, which is nominating the individual in question for board membership.
- Has been an employee, during the financial year preceding board election, at any of the parties associated with the company, or any of its group, such as external auditors and main suppliers, or if such member, during the two financial years preceding the board election, had controlling shares in any such party.
- Has, directly or indirectly, any commercial or financial dealings with the company or any company within the group during the two financial years preceding board election.”

### 2. Appointment, reappointment, and removal

#### 2.1 Election by shareholders

2.1.1 The General Assembly elects members of the board for a term of 3 years.

## 2.2 Substantive of nominations and recommendations

- 2.2.1 A nomination or recommendation to the General Assembly for a candidate for the board shall state:
- The candidate's age
  - His/her profession
  - The amount and nature of any shares held in the company
  - Any convictions for any crimes involving dishonesty, fraud or breach of trust
  - The positions he/she holds or has held in the past 5 years (including memberships on any board of directors or executive committees)
  - Any other information relevant to assess his/her suitability as a member of the board.
- 2.2.2 The recommendation, or nomination for appointment, or reappointment shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the board for appointment or reappointment of a board member must be in accordance with the Chapter I of this charter and the Nomination Policy.

## 2.3 Reappointment

- 2.3.1 Before recommending a member of the board for reappointment, the board must carefully consider his/her past performance on the board.

## 2.4 Removal

- 2.4.1 The removal of a director shall be considered in the following cases:
- The director has a continuing conflict of interest that cannot be reconciled or is failing in his/her fiduciary responsibilities.
  - The director has crossed ethical borders.
  - The director becomes subject to a restriction under the laws and regulations of the State of Qatar.
  - The director has been absent for three (3) consecutive meetings, or four (4) non-consecutive meetings, without an excuse acceptable to the board.
  - The director is not interacting well with others (arguing for an unpopular viewpoint is not grounds for board dismissal).
  - The director suffers from a mental disorder.
  - The director has been appointed as independent director, but his/her independence is compromised.
  - The director has resigned.
- 2.4.2 Except in the case of a resignation, the removal of a board member shall be submitted to the General Assembly for approval.

## 3. Chairman

The chairman is the president of the company, he/she represents it before others and before the judiciary authorities and is primarily responsible for ensuring the proper management of the company in an effective and productive, and working to achieve the interests of the company, partners, shareholders and stakeholders.

### 3.1 Election

- 3.1.1 The board shall elect a chairman and a vice-chairman from among its members. The vice-chairman replaces and assumes the powers and duties of the chairman when the chairman is absent. The chairman may authorize another of the board members in some of his/her powers.
- 3.1.2 The chairman or a vice-chairman cannot be, whether in person or in another capacity, board chairman or vice-chairman for more than two companies whose headquarters are located in the State of Qatar.
- 3.1.3 The chairman position cannot be combined with any other executive position in the company.

3.1.4 The chairman shall not be a member of the Audit Committee, the Nomination and Remuneration Committee or the Executive Committee.

### **3.2 Duties and responsibilities**

3.2.1 His duties and responsibilities are detailed under the Terms of Reference for the Chairman.

## **4. Board secretary**

### **4.1 Board secretary**

4.1.1 The board secretary assists the board and is an officer of the company.

### **4.2 Qualifications**

4.2.1 Priority for the position will be given to any person who holds a university degree in law or accounting from a recognized university or equivalent, or to any person with at least 3 years' experience in handling the affairs of a listed company.

### **4.3 General access**

4.3.1 All board members may go to the board secretary for advice or use his/her services.

### **4.4 Responsibilities**

4.4.1 The board secretary assists the chairman and all board members in conducting their duties.

4.4.2 The board secretary's responsibilities are detailed under the Terms of Reference for the Board Secretary.

## **5. Committees**

### **5.1 Establishment and formation of committees**

5.1.1 The board shall form committees with sufficient expertise. The committees serve to increase the efficiency of the board's work and the handling of complex issues. The respective committee chairman shall report regularly to the board on the work of their committee.

5.1.2 The board shall set up a Nomination and Remuneration Committee, Audit Committee and an Executive Committee. The board shall issue a decision to nominate the members of each committee, identifying its responsibilities, duties, and work provisions and procedures. The committee members must elect one of their members as chair.

5.1.3 It is prohibited to chair more than one board committee and the chair of the Audit Committee cannot be a member of any other committee.

5.1.4 A committee meeting shall be deemed valid if attended by the majority of its members provided that the chairman attends the meeting. Minutes shall be drawn up for every committee meeting.

### **5.2 Board responsibility for committee action**

5.2.1 The board remains collectively responsible for the decisions and actions taken by any of the committees. A committee may only perform the tasks delegated to it by the board and may not exceed the authority or powers of the board as a whole. Decisions that, by law, must be taken by the board may not be delegated to a committee.

### **5.3 Committee reporting**

5.3.1 Each committee must promptly inform the board of the actions it has taken and major developments of which it becomes aware. The board shall receive an annual report from the committees describing the committee's work and recommendations.

5.4 **Committee charters**

5.4.1 The board shall establish and amend charters for each committee. The charters shall indicate the role and responsibilities of the committee, its composition and how it should perform its duties.

5.5 **Committee evaluation**

5.5.1 The board will review and evaluate the committees' achievements, and include it in the Governance Report.

5.6 **Charters online**

5.6.1 The charters and the composition of the committees shall be posted on the company's website.



## CHAPTER II: BOARD MEETINGS AND DECISION-MAKING

### 1. Frequency, notice, agenda and venue of meetings

#### 1.1 Frequency

1.1.1 The board shall meet as often as necessary, but not less than six times a year and 3 months should not elapse without convening a meeting.

#### 1.2 Notice and agenda

1.2.1 Meetings of the board are called by the chairman. The chairman must call the board for the meeting upon the request of at least two of its members.

1.2.2 The invitation for a meeting, accompanied by the agenda, shall be sent to all board members at least 1 week before the meeting. Any invitation shall be given by fax, first class post or e-mail (subject to satisfactory evidence of receipt).

1.2.3 The invitation shall include:

- a list of the agenda items to be addressed at the meeting
- in respect of each agenda item, an indication of whether a resolution is to be proposed for adoption or other voting action is to be taken
- a summary of each matter
- where practicable, any papers relevant to particular matters to be considered at such meeting shall be circulated prior to the meeting, to the members.

1.2.4 Each board member has the right to request one or more item(s), to be placed on the agenda.

#### 1.3 Venue

1.3.1 Board meetings are generally held at the offices of the company, but may also take place elsewhere. In addition, meetings of the board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

### 2. Attendance of, and admittance to, meetings

#### 2.1 Attendance by non-members

2.1.1 The CEO, even where he/she is not a member of the board, shall attend board meetings unless the board instructs him/her not to attend. If requested by the board, other executives shall also attend meetings of the board in whole or in part.

2.1.2 The admission to a meeting of persons other than board members, the CEO and (if invited) other executives shall be decided by majority vote of the board members present at the meeting.

#### 2.2 Delegation

2.2.1 The absent member may, by documented request, delegate any other board member to represent it in attendance and voting. A board member cannot represent more than one member.

#### 2.3 Undue absence

2.3.1 A board member shall be deemed as resigned from post if the member is absent from attending three consecutive meetings or four non-consecutive meetings without an excuse acceptable to the board.

### **3. Decision-making within the board**

#### **3.1 Individual vote**

3.1.1 Each board member has the right to cast one vote.

#### **3.2 Quorum and majority vote**

3.2.1 A board meeting shall be deemed valid if attended by the majority of the members, provided that either the chairman or the vice-chairman attends the meeting.

3.2.2 The board shall pass its decisions by majority vote of attendees and representatives. In the event of a tie, the chairman of the board has the deciding vote.

#### **3.3 Urgent/necessary procedures**

3.3.1 The board, if necessary or urgent, may issue resolutions by circulation.

3.3.2 Unanimous approval for resolutions shall be obtained from all the members. The resolution in question shall be ratified at the next board meeting and its content shall be included in the minutes of meeting.

#### **3.4 Minutes**

3.4.1 Minutes must be drawn up for every board meeting and for every resolution adopted outside a meeting, and then circulated within 10 working days after the meeting, for comments and approval by the members. The minutes are to be signed by the chairman of the meeting and the secretary, then added to the company's records. If there is any member, who does not agree on any decision taken by the board, he/she may prove his/her objection in the meeting minutes.

3.4.2 The minutes of meetings shall include the names of the attending and absent members, as well as the meeting discussions and the vote details for each resolution.

3.4.3 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

## CHAPTER III: RESPONSIBILITIES AND DUTIES

### 1. Responsibilities

- 1.1 The board is responsible for independently overseeing the activities of the company with the objective of sustainable creation of value and in the interest of the company, taking into account the interests of the shareholders, its employees and other stakeholders.
- 1.2 The board's responsibilities include the following:
  - 1.2.1 The board must carry out its duties responsibly, in good faith and with due diligence. Its decisions should be based on sufficient information from the executive management, or from any other reliable source. In discharging their duties, the members of the board must exercise the same care and diligence which an ordinary, prudent person would exercise in taking care of his/her own interest under similar circumstances, and reasonably act in the best interests of the company.
  - 1.2.2 A board member represents all shareholders and shall act in the best interest of the company and not in the interest of the party or parties that he/she represents, or that voted in favor of his/her appointment to the board.
  - 1.2.3 The board shall determine the powers to be delegated to the executive management and the procedures for taking any action, and the validity of such delegation. It shall also determine matters reserved for decision by the board. The executive management shall submit to the board periodic reports on the exercise of the delegated powers.
  - 1.2.4 The board shall ensure that procedures are established for orienting new board members on the company's business and, in particular, the financial and legal aspects, in addition to their training, where necessary.
  - 1.2.5 The board shall ensure that sufficient information about the company is made available to all board members, generally, and, in particular, to the non-executive members, to enable them to discharge their duties and responsibilities in an effective manner.  
Additionally:
    - 1.2.6 The board ensures that all provisions of law and the company's internal policies are abided by and works to achieve their compliance.
    - 1.2.7 The board advises regularly and supervises the executive management and the CEO. It must be involved in decisions of fundamental importance to the company.
    - 1.2.8 Members of the board must take reasonable steps to be fully aware of all relevant issues, including engaging in due diligence, and make informed and independent decisions when voting on company matters. The duty of care also requires the members of the board to take reasonable steps to monitor the company's executive management and finance.
    - 1.2.9 The board shall examine the efficiency of its activities on an annual basis.
    - 1.2.10 The board is responsible for issuing and publishing this Board Charter.

### 2. Duties

The duties of the board include the following:

- 2.1 **Strategic plan and main objectives of the company**

Approving the strategic plan and main objectives of the company and supervising their implementation, including:

  - 2.1.1 Setting a comprehensive strategy for the company and key business plans and risk management policy, reviewing and directing them.
  - 2.1.2 Determining the most appropriate capital structure of the company, its strategies and financial objectives and approving its annual budgets.

- 2.1.3 Supervising the main capital expenses of the company and acquisition/disposal of assets.
- 2.1.4 Setting the performance objectives and monitoring the implementation of these, and the overall performance of the company.
- 2.1.5 Reviewing and approving the organizational structures of the company on a periodic basis to ensure distinct distribution for the functions, tasks and responsibilities of the company, especially internal control units.
- 2.1.6 Approving the procedures manual which is needed to implement the strategy and objectives of the company, which will be prepared by senior executive management. The manual shall include determining ways and means of quick contact with the authority and other regulatory authorities, as well as all parties concerned to governance, including the appointment of a communication officer.
- 2.1.7 Approving the annual plan of training and education in the company that includes programs introducing the company, its activities and governance.

## 2.2 Internal controls rules and procedures

Setting the rules and procedures for internal control and their supervision that includes:

- 2.2.1 Developing a documented policy that would regulate conflict of interest and remedy any possible cases of conflict by board members, senior executive management and shareholders. This includes misuse of the company's assets and facilities and the mismanagement resulting from transactions with related parties.
- 2.2.2 Developing a full disclosure system in order to achieve justice and transparency, and to prevent conflicts of interest and exploiting any insider information. This system shall include procedures followed when dealing in securities by insiders, and identifying prohibited periods of their trading in securities of the company or any company of its group, as well as preparing and updating a list of insiders to provide a copy to the board and the Qatar Stock Exchange upon adoption or update.
- 2.2.3 Ensuring the integrity of the financial and accounting rules, including rules related to the preparation of financial reports.
- 2.2.4 Ensuring the implementation of control systems appropriate for risk management by generally forecasting the risks that the company may encounter and disclosing them transparently.
- 2.2.5 Annual review of the effectiveness of the company's internal control procedures.

## 2.3 Drafting a Governance Manual

- 2.3.1 Drafting a Governance Manual for the company that does not contradict the provisions of the QFMA code; supervising and monitoring, in general, the effectiveness of the Governance Manual and amending it whenever necessary.

## 2.4 Board membership procedures

- 2.4.1 Outlining specific and explicit policies, standards and procedures for board membership and implementing them after approval by the General Assembly.

## 2.5 Stakeholder's policy

- 2.5.1 Developing a documented policy that regulates the relationship among the stakeholders in order to protect them and their respective rights.

## 2.6 Policies and procedures

- 2.6.1 Setting policies and procedures to ensure the company's compliance with the laws and regulations, and the company's obligation to disclose material information to shareholders, creditors and other stakeholders.

## 2.7 Invitation to General Assembly

- 2.7.1 Inviting all shareholders to attend the General Assembly meeting as outlined bylaw. The invitation and the

announcement shall include a thorough summary of the General Assembly agenda, including the item of discussing and approving the Governance Report.

## **2.8 Approval of nominations and dismissals**

2.8.1 Approving the nominations for appointment and dismissal of the functions of senior executive management, CEO and their respective deputies in the company. When appointing the executive management and CEO, the board shall respect diversity. The board shall ensure that there is long-term succession planning in place.

## **2.9 Dealing and cooperation with providers**

2.9.1 Developing a mechanism for dealing and cooperation with providers of financial services, financial analysis, credit rating and other service providers, as well as the entities that identify standards and indices of financial markets in order to provide their services for all shareholders in a quick manner with integrity and transparency.

## **2.10 Awareness programs**

2.10.1 Developing the awareness programs necessary for spreading the culture of self-control and risk management of the company.

## **2.11 Board members remuneration policy**

2.11.1 Establishing a documented policy that defines the basis and method of granting remuneration for the board members, in addition to incentives and rewards of the senior executive management and the company's employees in accordance with the principles of the QFMA code, without any discrimination based on race, gender or religion. The Annual Remuneration Plan shall be submitted annually to the General Assembly for approval.

## **2.12 Related parties' policy**

2.12.1 Developing a clear policy for contracting with the related parties and presenting it to the General Assembly for approval.

## **2.13 Performance evaluation**

2.13.1 Setting foundations and standards for evaluating the performance of the board and the senior executive management.

# **3. Tasks delegation**

3.1 Without prejudice to the competences of the General Assembly, the board shall assume all the necessary competencies and powers for the company's management. The board may delegate the exercise of these powers to its committees, and may form one or more special committee(s) to carry out specific tasks, the nature of which should be outlined in the decision of formation of these committees.

3.2 The board delegates the management of the company to the executive management. This delegation shall be renewed every year.

3.3 The ultimate responsibility for the company rests with the board, even if it sets up committees, or delegates some of its powers to a third party. The board shall avoid issuing a general or an open-ended delegation.

3.4 Decisions that, by law, must be taken by the board, may not be delegated.

# **4. Duties regarding the supervision of management**

## **4.1 Nature of supervision**

4.1.1 In supervising the management, the board shall consider:

- the achievement of the company's objectives
- the strategy and risks in the company's activities

- the structure and operation of the internal risk management, and audit and control systems
- the financial reporting processes
- compliance with law and regulations
- Any other matters the law requires the board to consider.

#### 4.2 **Financial reporting**

4.2.1 The board supervises the company's financial reporting in accordance with Chapter III, Section 6 'Supervision of financial reporting' below.

#### 4.3 **Annual risk review**

4.3.1 The board shall discuss, on a regular basis, the company's strategy and business risks, the management's assessment of the internal risk management and control systems, and any significant changes to these systems.

### **5. Duties regarding the members and the performance of the board**

#### 5.1 **Duties of board members**

5.1.1 The board members shall act in good faith, exercise diligence and care, speak out and be loyal to the company. The board member should also take all reasonable steps to be fully aware of potential issues in the company.

5.1.2 In all cases, the board members should comply with the following:

- Attending meetings of the board and committees regularly, and not withdrawing from the board except when scheduled.
- Prioritizing the interests of the company, shareholders and all stakeholders over their own interest.
- Providing opinion on the company's strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments and operation standards.
- Monitoring the company's performance in realizing its agreed objectives and goals, and reviewing its performance reports, including the company's annual, half yearly and quarterly reports.
- Supervising the development of the procedural rules for the company's governance to ensure their implementation in an optimal manner in accordance with the code.
- Using their diversified skills and experience, with diversified specialties and qualifications, through an effective and productive management of the company, and working to achieve the interests of the company, partners, shareholders and other stakeholders.
- Effectively participating in the company's general assemblies, and achieving its members' demands in a balanced and fair manner.
- Refraining from providing any statements, data or information, without prior documented permission from the chairman. The board shall appoint an official spokesperson for the company.
- Disclosing financial and trade relations, and litigants, including the judicial, to the board, which may negatively affect undertaking the tasks and functions assigned to them.

5.1.3 The board members, at the company's expense, may request the opinion of an independent external consultant in issues relating to any of the company's affairs.

#### 5.2 **Board self-assessment**

5.2.1 At least once a year, the board shall discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the board.

### **6. Supervision of financial reporting**

#### 6.1 **General supervision responsibilities**

6.1.1 The board, in consultation with the Audit Committee, supervises compliance with documented procedures for the preparation and publication of the annual report and consolidated financial statements, the interim reports or quarterly and half year financial reports and any other financial information. The board, through the Audit Committee, also supervises the internal control and audit mechanisms for external financial reporting.

6.1.2 The consolidated financial statements and the condensed consolidated financial statements in the half-year financial report and the quarterly financial report are prepared in accordance with the International Financial Reporting Standards ('IFRS').

## 6.2 Discussion of financial reports

6.2.1 The consolidated financial statements must be prepared by the management, under the supervision of the board, and examined by the external auditor. Half-year and any quarterly financial reports shall be discussed with the board and the Audit Committee prior to publication.

6.2.2 The Audit Committee shall regularly, and in any event as soon as possible, provide the board with reports on the Annual Report and Accounts, and the Half-year and quarterly financial reports, which will then be discussed at a meeting of the board.

6.2.3 The consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; half yearly interim reports and quarterly interim reports shall be publicly accessible within 45 days and 30 days, respectively, of the end of the reporting period.

## 6.3 External auditor

6.3.1 The board shall ensure that the external auditor attends the meeting of the board at which the report of the external auditor, with respect to the audit of the annual financial statements and the consolidated financial statements, is discussed, and at which the board decides whether or not to approve the annual accounts. The external auditor shall receive any financial information underlying the quarterly and/or half-year financial reports, and other interim financial reports, and shall be given the opportunity to respond to all information.

## 6.4 Audit Committee is the principal contact with the external auditor

6.4.1 The board's principal contact with the external auditor is through the chairman of the Audit Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the Audit Committee and the external auditor.

## 6.5 Recommendations by external auditor

6.5.1 The board shall carefully consider and, if accepted, put into effect any recommendations made by the external auditor. This will include recommendations by the external auditor on the company's internal controls, as expressed in the 'Management Letter'.

# 7. Duties regarding nomination and assessment of external auditor

## 7.1 Independence

7.1.1 The external auditor must be independent. These regulations are based on the principles that:

- The external auditor must be independent from the client audited, both in mind as in appearance.
- An external auditor is someone who is able, in the light of all relevant facts and circumstances, to form an objective and impartial opinion on all matters that fall within the scope of his/her assignment.

7.1.2 An external auditor is not allowed to perform a statutory audit if he/she has financial, commercial, employment or other ties with the client that, in the opinion of a reasonable and properly informed third party expert, compromise the auditor's independence.

7.1.3 In addition to the audit work, the external auditor of the company may also carry out non-audit work, to the extent

allowed under applicable legislation and regulations, and the internal procedures of the company.

- 7.1.4 The non-audit work shall not jeopardize the independence of the external Auditor, in no event shall the individuals performing the audit work engage in any non-audit work. All audit and non-audit work (including fees and conditions) carried out by the external auditor for the company must be approved in advance by the board on a proposal of the Audit Committee.

## 7.2 Appointment of external auditor

- 7.2.1 The external auditor shall be appointed by the General Assembly: The board nominates a candidate for appointment to the General Assembly based on an open, transparent and competitive selection process, and may recommend replacement of the external auditor. The Audit Committee is responsible for reviewing and considering offers of external auditors registered in the external auditors list of the authority, and then submitting to the board a recommendation with reasons to choose one offer or more. Once the board approves the recommendation, it shall be included in the company's General Assembly agenda.
- 7.2.2 Prior to submitting a proposal for election, the board or the Audit Committee shall obtain a statement from the proposed external auditor stating whether, and where applicable, which business, financial, personal and other relationships exist between the external auditor, its executive bodies and head auditors on the one hand, and the company and members of its executive bodies on the other hand, that could call its independence into question. This statement shall include the extent to which other services were performed for the company in the past year, especially in the field of consultancy, or which are contracted for the following year.

## 7.3 Duration

- 7.3.1 The external auditor is appointed for 1 year, renewable for a similar period up to maximum 5 consecutive years. After this period, the external auditor shall not be reappointed before a period of 2 consecutive years.

## 7.4 Compensation of external auditor

- 7.4.1 The compensation of the external auditor, and instructions to the external auditor to provide non-audit services, shall be closely reviewed and approved by the board on the recommendation of the Audit Committee, as such ensuring the auditor's independence, subject to the approval of the General Assembly.

## 7.5 Reports to the board

- 7.5.1 The Audit Committee shall report their dealings with the external auditor to the board on an annual basis, including their assessment of the external auditor's independence (for example, the desirability of rotating the responsible partners of the external auditor and the desirability of the external auditor in providing both auditing and non-audit services to the company). The board shall take this into account when deciding its nomination to the General Assembly for the appointment of an external auditor.
- 7.5.2 The external auditor shall inform the board - in writing – about any risk to which the company is exposed or expected to be exposed, and about any violations immediately upon identification, as well as sending a copy of the notice to the authority. In this case, the external auditor shall have the right to invite the General Assembly to convene, pursuant to the law, provisions in this regard, provided the authority is informed.
- 7.5.3 The external auditor and its employees are prohibited from:
- Revealing the company secrets.
  - To combine between its assigned business, functions and duties and any other business in the Company.
  - To work at the company for at least 1 year prior to the date of the end of relations with the company in question.

## 7.6 Reports to the General Assembly

- 7.6.1 The external auditors shall submit a report to the General Assembly. A copy of the report shall be sent to the authority with responsibility for the validity of data contained within it.



- 7.6.2 Each shareholder of the General Assembly has the right to discuss and seek clarification of any aspect of the report with the external auditor.
- 7.6.3 The external auditor's report must include information relevant to the shareholders in relation to internal controls and performance assessment in the company, specifically whether:
- The internal control systems implemented by the company are appropriate and effective.
  - The company is able to operate as a going concern.
  - The company has developed internal policies and procedures.
  - The internal policies and procedures are adequate for the company.
  - The company has adequately implemented the internal policies and procedures.
  - The company is complying with the Articles of Associations and relevant laws and regulations.
  - The company is complying with International Financial Reporting Standards (IFRS) relating to the preparation of financial reports.
  - The company is cooperating with the external auditor.

## 7.7 Conflicts of interest

- 7.7.1 Board members must inform the chairman of the Audit Committee of any matters they know of that may compromise the independence of the external auditor, or that may result in a conflict of interest between the external auditor and the company.

## 8. Compensation of management and board members

### 8.1 Annual Remuneration Policy

- 8.1.1 The board shall determine the compensation of the executive and non-executive board members based on the Annual Remuneration Policy proposed by the Nomination and Remuneration Committee.
- 8.1.2 The Annual Remuneration Policy shall include the way of identifying the remuneration to be paid to the chairman and other board members.
- 8.1.3 The Annual Remuneration Plan for the next financial year shall be submitted to the General Assembly for its approval. Every change to the Annual Remuneration Plan shall also be submitted to the General Assembly for its approval.

### 8.2 Annual Remuneration Report

- 8.2.1 The Nomination and Remuneration Committee shall annually prepare a remuneration report setting out the compensation policies and activities of the past year and an overview of the Annual Remuneration Policy and planned activities for the next financial year and subsequent years. The Annual Remuneration Report will differentiate between executive and non-executive remuneration.

### 8.3 Extraordinary compensation

- 8.3.1 If a board member or former board member is paid special compensation during any financial year, an explanation of this compensation shall be included in the remuneration report. The remuneration report shall detail and explain any compensation paid or promised as severance pay to a board member.

## 9. Relations with shareholders

### 9.1 General

- 9.1.1 Shareholders exercise their rights at the General Assembly and vote there.
- 9.1.2 Each share carries one vote. There are no shares with multiple voting rights, preferential voting rights or maximum

voting rights.

9.1.3 All shares of the same class shall have the same rights attached to them.

**9.2 Access to information**

9.2.1 The company shall check and update the information regularly, and provide the shareholders with all information they deem important to enable them to exercise their rights fully, using new and modern technologies.

9.2.2 Shareholders have the right to review and access the company's Shareholders' Register and other information, free of cost, in accordance with the provisions of the Articles of Association and the code.

**9.3 Equal and simultaneous information**

9.3.1 The board shall provide all shareholders and other parties in the financial markets with equal and simultaneous information (when appropriate), about matters that may influence the share price.

**9.4 Compliance with law**

9.4.1 The board shall ensure all laws are complied with, regarding the rights of the General Assembly and of individual shareholders.

**9.5 Attendance by board members**

9.5.1 The chairman shall ensure that (unless there are important reasons) all the members of the board shall attend the General Assembly meetings.

**9.6 Chairman of general meetings**

9.6.1 The General Assembly meetings are presided over by the chairman of the board or, in his/her absence, the vice-chairman of the board. The board may designate someone else to preside over the assembly meeting.

**9.7 Disclosure of resolutions**

9.7.1 A resolution of the General Assembly may be publicly-disclosed only through a statement from the chairman of the board or the company secretary.

**9.8 Changes to corporate governance**

9.8.1 Any substantial change to the corporate governance structure of the company shall be submitted to the General Assembly for discussion under a separate agenda item.

**9.9 Attendance by the external auditor**

9.9.1 The board shall ensure that the responsible partner (or certifying auditor) of the external auditor attends the General Assembly and is available to address the meeting. The external auditor may be questioned by the General Assembly in relation to the audit of the company's financial statements.

## CHAPTER IV: OTHER PROVISIONS

### 1. Access to information

- 1.1 The board shall have unrestricted access to relevant management, employees, and information and investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the company.
- 1.2 The board shall have access to adequate internal and external resources, on any matters within its charter.

### 2. Conflicts of interest of board members

#### 2.1 No benefits

- 2.1.1 Members of the board and employees in connection with their work, may neither demand, nor accept from third parties, payments or other advantages for themselves or for any other person, or grant third parties unlawful advantages.
- 2.1.2 Members of the board are bound by the company's best interests. No member of the board may pursue personal interests in his/her decisions or use business opportunities intended for the company for himself/herself.

#### 2.2 Duty to disclose

- 2.2.1 A board member shall immediately report to the chairman of the board without delay, any conflict of interest and shall provide all relevant information, including information concerning his/her relatives by blood or marriage up to the second degree.
- 2.2.2 All these transactions shall be disclosed in the company's annual report and specifically referred to in the General Assembly following the entry into of such transactions.

#### 2.3 Related party transactions

- 2.3.1 A potential conflict of interest exists if the company intends to enter into a transaction with a related party, and the company shall develop a policy on how to ensure that the rights of shareholders are protected during such transactions. A related party, as defined by the code, includes the following:
  - The board member of the company, or a company of its group.
  - The member of the senior executive management of the company, or any company of its group.
  - A person who owns at least (5 percent) of the company shares or any of its group.
  - The relative of any of the former mentioned to the second degree.
  - The legal persons controlled by a member of the board of the company, or any company within the group, or of senior executive management and their relatives to the second degree.
  - The legal persons that participated in a project or a partnership of any kind with the company, or any company within the group.

#### 2.4 Abstention by conflicted party

- 2.4.1 The board member concerned shall not take part in the assessment by the board of whether a conflict of interest exists, nor in any discussion, decision-making or voting regarding any subject or transaction in which he/she has a conflict of interest with the company.

#### 2.5 Requirements to approve conflicts of interest

- 2.5.1 All transactions in which there are conflicts of interest with related parties shall be agreed as per the Conflict of Interest Policy.
- 2.5.2 In all cases, decisions to enter into major transactions in which there are conflicts of interest with related parties require the approval of the General Assembly.
- 2.5.3 A **transaction** is defined by the code as, *“Commercial or financial transactions of the same nature whose value amounted (10%) of the Company’s transactions volume in one Year, or more than the average Company’s total*

*transactions during the last three Years”.*

- 2.5.4 A **major transaction** is defined by the code as, “*Any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company business; or those whose gross value exceeds (10%) of the lesser of either the Company’s market value or the net value of the Company’s assets according to the latest announced financial Statements”.*

### **3. Directors and officers liability insurance**

- 3.1 Directors and officers liability insurance (**‘D&O’**) may be provided to the directors and officers so they can serve as supervisors and managers of the company without fear of personal financial loss. This D&O will represent an indemnification (reimbursement) for losses or advancement of defense costs, in the event they suffer such a loss as a result of a legal action brought for alleged wrongful acts, omissions or misstatements in their capacity as directors and officers.
- 3.2 Intentional illegal acts, criminal fraud or illegal profits will not be covered under D&O.

### **4. Induction program, ongoing training and education**

#### **4.1 Induction program**

- 4.1.1 Upon his/her election, each board member shall participate in an induction program that covers the company's strategy, general financial and legal affairs, financial reporting by the company, any specific aspects unique to the company and its business activities, and the responsibilities of a board member. Refer to the Board Induction and Training Program Policy.

#### **4.2 Annual review of training**

- 4.2.1 The board shall conduct an annual review to identify areas where the board members require further training or education. Refer to the Board Induction and Training Program Policy.

### **5. Holding and trading securities**

#### **5.1 Trades in company securities**

- 5.1.1 All board members shall comply with the Insider Trading Policy.

#### **5.2 Reports on change in ownership**

- 5.2.1 The board members, their spouses and minor children, must disclose any trading and transaction they carry out involving the company’s shares and any other securities.

### **6. Confidentiality**

#### **6.1 Duty to keep information confidential**

- 6.1.1 Unless required to do so by law, no board member shall, during his/her membership of the board or afterwards, disclose any information of a confidential nature regarding the business of the company and/or any companies in which it holds a stake, that came to his/her knowledge in the capacity of his/her work for the company and which he/she knows, or shall know, to be of, a confidential nature.
- 6.1.2 A board member may disclose such information to fellow board members, as well as co-staff members of the company and companies in which the company holds a stake who, in view of their activities for the company and companies in which the company holds a stake, shall be informed of the information. A board member shall not

use such confidential information for his/her personal benefit.

## **6.2 Return of confidential information**

6.2.1 At the end of each board member's term of office, he/she shall return all confidential documents in his/her possession to the company, or guarantee their disposal in a manner that ensures confidentiality is preserved.

## **6.3 Notice of disclosure**

6.3.1 If a board member intends to disclose to third parties, information which he/she has become aware of in his/her duties and which may be confidential, he/she must inform the chairman of his/her intent and the identity of the person who is to receive the information, with sufficient notice for the chairman to assess the situation and advise the board member. This section applies to both official and personal statements and to any person attending board meetings which, in terms of their content and form, are clearly only intended for the board.

## **7. Miscellaneous**

### **7.1 Acceptance by board members**

7.1.1 Anyone who is appointed as a board member shall, upon assuming office, declare in writing to the company that he/she accepts and agrees to comply with the provisions of this charter. A corresponding reference to this extent is included in the 'Director's Letter of Appointment'. (Refer to the 'Director's Letter of Appointment'.)

### **7.2 Amendment**

7.2.1 This charter shall be reviewed on a regular basis, or at least every 3 years against the background of national and international developments, corporate governance best practices and prevailing local laws and regulations, and adjusted, if necessary.

### **7.3 Interpretation**

7.3.1 In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the chairman of the board shall be decisive.

### **7.4 Partial invalidity**

7.4.1 If one or more provisions of this charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this charter is, to the greatest extent possible, similar to that of the invalid provisions.