



Banan Real Estate Company

Policies, standards and procedures for membership in the Board of Directors

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Subject (1): definition

The following words and phrases have the meanings shown in front of them, unless the context requires otherwise:

Corporate system : The Companies Regulations issued by Royal Decree No. (M/3), dated 01/28/1437 AH.

Financial market system :The Capital Market Law issued by Royal Decree No(AD / 30) and the date of 02/06/1424 AH.

Rules for Offering Securities and Continuing Obligations: Rules for Offering Securities and Continuing Obligations issued by the Board of the Capital Market Authority by Resolution No. (3-123-2017) dated 09/04/1439 AH (corresponding to 27/12/2017 AD), and the new rules have been implemented as of 01/04/2018 AD..

Authority :Financial Market Authority.

Exchange: Saudi Stock Exchange .

Company : **Banan Real Estate**

Board of Directors: The Board of Directors of the company.

Corporate Governance : Rules for the leadership and direction of the company that include mechanisms to regulate the various relations between the board of directors, executive directors, shareholders and stakeholders, by setting special rules and procedures to facilitate the decision-making process and to impart transparency and credibility to it in order to protect the rights of shareholders and stakeholders and achieve justice and competitiveness and transparency in the market and business environment.

Shareholders' Assembly : an assembly formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.

Executive Member: A member of the Board of Directors who is full-time in the executive management of the company and participates in its daily business.

Non-executive member : A member of the board of directors who is not free to manage the company and does not participate in the daily business.

Independent member: A non-executive board member enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in Article 20 of the Corporate Governance Regulation.

Executive Management or Senior Executives : Persons responsible for managing the company's daily operations and proposing and implementing strategic decisions, such as the CEO, Vice President and Chief Financial Officer.

Stakeholders : Everyone who has an interest in the company, such as employees, creditors, customers, suppliers and the community.

Cumulative vote : A voting method for selecting members of the board of directors that gives each shareholder a voting power according to the number of shares he owns, where he has the right to vote for one candidate or to divide it among the candidates he chooses without repeating these votes.

Subject (2): Preamble :

Governance is one of the most important requirements and inevitable necessities whose application has become a basis in recent times, to ensure the organization of work in private sector organizations for the purpose of setting rules and principles for managing companies and oversight over it, and applying the method of practicing good management in it to include these solid rules All departments and segments included in the company.

Article (3): The Objective :

This regulation aims to set the rules, procedures and standards regulating the management of the company in order to ensure adherence to the best practices of governance that guarantee the protection of the rights of shareholders and stakeholders, activating the role of shareholders in the company, clarifying the functions and responsibilities of the board of directors and the executive management, activating its role and the role of its committees, achieving transparency, integrity and justice in the financial market Enhancing disclosure, control and accountability for the company's employees and setting a general framework for dealing with Stakeholders, their rights and situations of conflict of interest.

Subject (4) Composition of the board of directors:

- A. The company is managed by a board of directors consisting of six (6) Members elected by the Ordinary General Assembly for a period not exceeding three years, and they may be re-elected for another term or sessions, unless there is any amendment to the company's articles of association to the contrary.
- B. The majority of the board of directors must be made up of non-executive members.
- C. The number of independent members must not be less than two members or one third of the members of the board, whichever is greater.
- D. The company shall notify the Authority of the names of the members of the Board of Directors and their membership descriptions within five working days from the date of the start of the term of the Board of Directors or five days from the date of their appointment – whichever is sooner – and any changes that occur to their membership within five working days from the date of the changes taking place.

Subject (5): Conditions for Membership of the Board of Directors: .E

It is required that a member of the Board of Directors be of professional competence, who have the necessary experience, knowledge, skill and independence to enable him to perform his duties efficiently and competently. The candidate in particular should have the following:

- A. AbilityThe leadership should have leadership skills that qualify him to grant powers that lead to motivating performance and applying best practices in the field of effective management and adherence to professional values and ethics.
- B. He shall have the academic qualifications, appropriate professional and personal skills, level of training, and practical experience relevant to the company's current and future activities, management, economics, accounting, law or governance, as well as a desire to learn and train.
- C. to have the ability To direct, by having technical, leadership, and administrative capabilities, speed in decision-making, understanding the technical requirements related to workflow, and being able to strategically direct, plan and have a clear future vision.
- D. to be Able to read and understand financial statements and reports.
- E. He shall be healthy and free from diseases that prevent him from exercising his duties and responsibilities normally.
- F. Not to be a member of the board of directors of a competing company.
- G. Required A member of the board of directors may not be a member of the board of more than five joint stock companies listed on the market at the same time.

- H. He must not have been convicted of a crime involving moral turpitude or dishonesty.
- I. He shall not have been convicted by a decision by the Capital Market Authority or any judicial or supervisory authority for violating the Companies Law or the Capital Market Law and their regulations.
- J. He must not have been removed from the board of directors of another company for a legitimate reason.

Subject (6) Election of members of the board of directors:

- A. The company announces on the market's website information about the candidates for membership of the board of directors when publishing or sending the invitation to the general assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships, and the company must provide a copy of this information at its head office and website.
- B. Cumulative voting shall be used in electing the Board of Directors, so that the right to vote per share may not be used more than once.
- C. Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information the company has announced in accordance with Paragraph (a) of this Article.

Subject (7) Expiry of membership in the Board of Directors:

The membership of the Board shall terminate in accordance with the conditions stipulated in Article Sixteen of the Company's Articles of Association and shall terminate if one or more of the following cases are fulfilled:

- resignation or death.
- If it is proven to the Board of Directors that the member has breached his duties in a way that is detrimental to the interest of the company, provided that this is accompanied by the approval of the Ordinary General Assembly.
- By the termination of his membership in accordance with any system or instructions in force in the Kingdom of Saudi Arabia.
- If he is declared bankrupt or insolvent, submits an application for settlement with his creditors, or stops paying his debts.
- Become numb, or become mentally ill.
- If it is proven that he committed an act that violates honesty and morals, or is convicted of forgery.

- In the event of absenteeism from attending three consecutive meetings of the Board without a legitimate excuse, the decision shall be issued by the Ordinary General Assembly based on the recommendation of the Board of Directors.

Subject (8) Conflict of interest Policy: -

Banan Real Estate Company prepares a clear written policy for dealing with actual or potential conflict of interest cases that could affect the performance of members of the Board of Directors, executive management or other employees of the company when they deal with the company or with other stakeholders, provided that this policy includes Especially the areas and cases of conflict of interest and their nature and cases of conflict of interest in the Board of Directors and its committees and other departments and departments of the company, and disclosure procedures and effective measures to address and avoid cases of conflict of interest in the company.