

## Board of Directors, Committees, and Executive Management Remuneration Policy – Banan Real Estate Company (Before and After)

Before	After
<p>First-Introduction:</p> <p>The "Policy on Remuneration of the Board of Directors, its Committees, and the Executive Management" of Banan Real Estate Company has been prepared in accordance with Paragraph (1) of Article (61) of the Corporate Governance Regulations, which stipulates that the Nomination and Remuneration Committee shall "develop a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submit it to the Board of Directors for review in preparation for its approval by the General Assembly..."</p>	<p>First-Introduction:</p> <p>The "Policy on Remuneration of the Board of Directors, its Committees, and the Executive Management" of Banan Real Estate Company has been prepared in accordance with Paragraph (1) of Article (58) of the Corporate Governance Regulations, which stipulates that the Nomination and Remuneration Committee shall "develop a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submit it to the Board of Directors for review in preparation for its approval by the General Assembly..."</p>
<p><b>Section 4: Board of Directors' Remuneration</b></p> <ol style="list-style-type: none"> <li>1. The remuneration of Board members at Banan Real Estate Company consists of a fixed amount, meeting attendance fees, expense allowances, in-kind benefits, or a percentage of profits. A combination of two or more of these benefits is permitted, provided it does not exceed the limits set by the Companies Law and its regulations, as outlined in the policy's attached table. Any subsequent amendments to this table must comply with the law.</li> <li>2. The remuneration amount may vary based on a policy issued by the Remuneration and Nominations Committee and approved by the General Assembly. The Board's annual report to shareholders must include a detailed statement of all remuneration, allowances, and benefits received by Board members during the fiscal year, as well as any payments received for technical, administrative, or consulting services (if applicable). The report must also specify</li> </ol>	<p><b>Article (4): Remuneration of the Board Members</b></p> <ol style="list-style-type: none"> <li>1. The remuneration of the members of the Board of Directors of Banan Real Estate Company may consist of a fixed amount, attendance allowances for meetings, expense allowances, in-kind benefits, or a percentage of profits. It is permissible to combine two or more of these benefits, provided that the total does not exceed the limits stipulated in the Companies Law and its regulations, in accordance with the schedule included in this policy and any amendments thereto approved in accordance with the law.</li> <li>2. This remuneration may vary in amount based on a policy issued by the Nomination and Remuneration Committee and approved by the General Assembly. The annual report of the Board of Directors to the General Assembly of shareholders must include a comprehensive statement of all remuneration, expense allowances, and other benefits received by the Board</li> </ol>

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<p>the number of Board meetings held and attended by each member since the last General Assembly meeting.</p> <p>3. If Board remuneration is a percentage of profits, the provisions of Paragraph (2) of Article (76) of the Companies Law and Article (20) of the Company's Bylaws must be observed. The total annual remuneration (financial and in-kind) for a single Board member must not exceed <b>500,000 Saudi Riyals</b>.</p>	<p>members during the financial year. It must also disclose any amounts received by members in their capacity as employees or executives, or for technical, administrative, or consultancy work (if any), and include a statement of the number of board meetings and the number of meetings attended by each member since the last General Assembly meeting.</p> <p>3. If the remuneration of Board members is based on a percentage of the company's profits, the provisions of Paragraph (1) of Article (76) of the Companies Law and Article (19) of the Company's Articles of Association must be observed. The total remuneration, whether in cash or in-kind, for any Board member must not exceed SAR 500,000 annually.</p> <p>4. The Board members' remuneration consists of an annual fixed amount of SAR 100,000, in addition to a meeting attendance allowance of SAR 5,000 per meeting, as detailed in this policy and the schedule included therein.</p> <p>5. The remuneration of independent Board members must not be a percentage of the company's profits, nor should it be directly or indirectly tied to the company's profitability.</p>
<p><b>Section 5: Committee Members' Remuneration</b></p> <p>1. The Board determines and approves remuneration for its Committees (excluding the Audit Committee) based on recommendations from the Remuneration and Nominations Committee.</p> <p>2. The Audit Committee and other Committees receive:</p>	<p><b>Article (5): Remuneration of Committee Members</b></p> <p>1. <b>The Board of Directors shall determine and approve the remuneration for membership in its committees — excluding the Audit Committee — as well as attendance allowances and other entitlements,</b></p>

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<ul style="list-style-type: none"> <li>○ An annual fixed amount of 25,000 SAR per member.</li> <li>○ Meeting attendance fees of 1,500 SAR per meeting.</li> </ul> <p>3. When appointing Committee members, the Board must ensure that the total remuneration for a member's roles (Board and Committees) does not exceed the limits set by the Companies Law.</p>	<p>based on the recommendation of the Nomination and Remuneration Committee.</p> <p>2. The remuneration for membership in the Audit Committee and any other committees shall consist of an annual amount of SAR 40,000, in addition to a meeting attendance allowance of SAR 2,000 per meeting, as detailed in this policy and in the schedule included therein.</p> <p>3. When forming the membership of committees emanating from the Board of Directors, consideration shall be given to the number of committees a Board member may join, ensuring that the total remuneration received by the member for their membership in the Board and its committees does not exceed the maximum limit stipulated in the Companies Law.</p>
<p><b>Section 8: Details of Board and Committee Remuneration</b></p> <p><b>1) Board Members:</b></p> <ul style="list-style-type: none"> <li>• Meeting attendance fee: 3,000 SAR per meeting.</li> <li>• Annual fixed amount: 50,000 SAR per member.</li> </ul> <p><b>2) Committee Members:</b></p> <ul style="list-style-type: none"> <li>• Meeting attendance fee: 1,500 SAR per meeting.</li> <li>• Annual fixed amount: 25,000 SAR per member.</li> </ul> <p><b>Adjustment Mechanism:</b></p> <ul style="list-style-type: none"> <li>• The fixed annual remuneration may be reviewed periodically based on performance evaluations and recommendations from the Remuneration and</li> </ul>	<p><b>Article (8): Statement of Details of Remuneration for Board Members and Their Committees</b></p> <p><b>1. Board Members:</b></p> <ul style="list-style-type: none"> <li>• Attendance allowance per meeting: SAR 5,000</li> <li>• Fixed annual amount per member: SAR 100,000</li> </ul> <p><b>2. Amendments and Payment Mechanisms:</b></p> <p>The fixed annual remuneration for Board members may be reviewed periodically based on a recommendation from the Nomination and Remuneration Committee, considering changes related to performance, and subject to the approval of the General Assembly of shareholders.</p> <p>The fixed annual remuneration, meeting</p>

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<p>Nominations Committee, subject to shareholder approval.</p> <ul style="list-style-type: none"> <li>• Remuneration is disbursed annually.</li> </ul> <p>3) Expenses and Other Benefits:</p> <ul style="list-style-type: none"> <li>• The company covers travel tickets for non-Riyadh residents.</li> <li>• For meetings held outside Riyadh, the company covers accommodation and travel for all Board, Committee, and Executive Management members.</li> <li>• All travel tickets (round-trip) for Board and Committee members are business class or first class, with priority given to the national carrier (subject to availability).</li> </ul>	<p>attendance allowances, and additional attendance allowances shall be paid on an annual basis.</p> <p>3. Members of Committees Emanating from the Board:</p> <ul style="list-style-type: none"> <li>• Attendance allowance per meeting: SAR 2,000</li> <li>• Fixed annual amount per member: SAR 40,000</li> </ul> <p>The fixed annual remuneration and meeting attendance allowances shall be paid on an annual basis.</p> <p>4. Other Expenses and Benefits:</p> <ul style="list-style-type: none"> <li>• The company shall bear the cost of travel tickets for Board and committee members residing outside Riyadh.</li> <li>• The company shall cover accommodation and travel expenses for all Board members, committee members, and executive management in the event that a meeting is held outside Riyadh.</li> <li>• All travel tickets (round trip) for Board and committee members shall be booked in first class or business class, with preference given to the national carrier (subject to availability).</li> </ul>
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## **Policy on Remuneration of the Board of Directors, Its Committees, and Executive Management**

### **Banan Real Estate Company**

**A recommendation was submitted by the Board of Directors for approval by the General Assembly during the Board meeting held on ..... (G), and the policy was approved by the Extraordinary General Assembly on ..... (G).**

## **Banan Real Estate Company – Policy on Remuneration of the Board of Directors, Its Committees, and Executive Management**

### **Article (1): Introduction**

This “Policy on Remuneration of the Board of Directors, Its Committees, and Executive Management of Banwan Real Estate Company” is prepared in accordance with paragraph (1) of Article (58) of the Corporate Governance Regulations, which stipulates that the Nomination and Remuneration Committee shall "prepare a clear policy for the remuneration of the members of the Board of Directors, the committees derived from it, and the executive management, and submit it to the Board for consideration in preparation for its approval by the General Assembly..."

### **Article (2): Purpose**

This policy aims to establish clear criteria for the remuneration of the Board of Directors, its committees, and senior executives in light of the Companies Law and the regulations of the Capital Market Authority. The policy also aims to attract competent, capable, and talented individuals to serve on the Board, its committees, and the executive management by adopting performance-based incentive plans and programs, thus enhancing the company's performance and achieving the interests of its shareholders.

### **Article (3): General Criteria for Remuneration**

The Nomination and Remuneration Committee is responsible for recommending to the Board the remuneration of Board members, committee members, and senior executives according to approved standards as follows:

1. Remuneration should be proportional to the company's activity and the skills required to manage it.
2. The variable part of the remuneration should be linked to long-term performance.
3. Remuneration should align with the company's strategy, objectives, size, nature, and risk level.
4. Consideration of market practices and labor market norms to determine remuneration while avoiding unjustified increases.
5. Coordination with the Nomination and Remuneration Committee for new appointments.
6. Remuneration should be based on job level, responsibilities, qualifications, experience, skills, and performance.
7. Remuneration should be fair and proportional to the member's responsibilities and duties, along with company objectives.

8. Consideration of the company's sector, size, and board members' experience.
9. Remuneration should be reasonably sufficient to attract, motivate, and retain competent and experienced board members.
10. Remuneration may vary depending on experience, duties, independence, and meeting attendance.
11. Remuneration shall be suspended or reclaimed if based on inaccurate information provided by any board or executive member to prevent misuse of position.
12. Any stock grant program to the Board or executives must be supervised by the Nomination and Remuneration Committee and comply with the company's bylaws and CMA regulations.

#### Article (4): Remuneration of Board Members

1. Board members' remuneration may consist of a fixed amount, attendance allowance, expense allowance, in-kind benefits, or a share of profits. These can be combined within the limits specified by the Companies Law and as per the attached table.
2. The remuneration may vary in amount and should be outlined in a policy issued by the Nomination and Remuneration Committee and approved by the General Assembly. The Board's annual report should detail all compensation received by members, including for other roles such as consultancy or executive positions.
3. If remuneration is profit-based, Article (76)(1) of the Companies Law and Article (19) of the company's bylaws must be followed, and total annual compensation must not exceed SAR 500,000 per member.
4. The fixed annual remuneration is SAR 100,000 per member and an attendance allowance of SAR 5,000 per meeting, as outlined in the attached table.
5. Independent board members' compensation must not be based on company profits.

#### Article (5): Remuneration of Committee Members

1. The Board sets the remuneration for its committees (except the Audit Committee) based on the Nomination and Remuneration Committee's recommendation.
2. The Audit Committee (and any similar committees) members receive SAR 40,000 annual fixed remuneration and SAR 2,000 per meeting attendance, per the attached table.

3. The total committee membership for a Board member should not result in total remuneration exceeding legal limits.

#### Article (6): Executive Management Remuneration

The Nomination and Remuneration Committee periodically reviews and approves the salary structure and incentive plans for all staff and senior executives based on executive recommendations. Executive compensation includes:

1. Basic monthly salary;
2. Allowances such as housing, transportation, children's education, and phone allowance;
3. Medical insurance for the executive and family;
4. Other benefits like annual leave, annual travel tickets, and end-of-service benefits in accordance with labor law and HR policies;
5. Remuneration plans and guidelines must be approved by the Nomination and Remuneration Committee;
6. The CEO is responsible for implementing the approved employee and executive remuneration policies.

#### Article (7): Additional Remuneration Conditions and Payment Method

1. Board members may not vote on their own remuneration at the General Assembly.
2. The company shall disclose board, committee, and executive remuneration in the annual Board report per legal and regulatory requirements.
3. Remuneration is earned from the date of joining the Board or committee and based on duration of membership.
4. The Secretary of the Board prepares the payment procedures, subject to CEO approval.
5. Fixed annual remuneration and meeting allowances are paid annually.

#### Article (8): Details of Remuneration

1. Board Members:
  - Meeting allowance: SAR 5,000
  - Annual fixed remuneration: SAR 100,000



## 2. Review and Payment Mechanism:

- The fixed annual remuneration may be reviewed periodically based on performance and with General Assembly approval.
- Payment of fixed remuneration and attendance allowance is done annually.

## 3. Committee Members:

- Meeting allowance: SAR 2,000
- Annual fixed remuneration: SAR 40,000
- Payment is made annually.

## 4. Expenses and Other Benefits:

- The company covers travel costs for members residing outside Riyadh.
- The company also covers accommodation and travel if meetings are held outside Riyadh.
- All travel is business class or first class, preferably with the national carrier (subject to availability).

### Article (9): Final Provisions – Review, Amendments, and Publication

This policy is effective upon its approval by the General Assembly and must be published on the company's website to ensure accessibility to shareholders and stakeholders. The policy is subject to periodic review by the Nomination and Remuneration Committee, and any proposed amendments are submitted to the Board for review and recommendation to the General Assembly for final approval.

**"Amendments to the Corporate Governance Regulations of Banan Real Estate Company –**

**Before and After"**

Before	After
<p><b>Article (16): Appointment of Board Members</b></p> <p>a. The company's Articles of Association shall determine the number of Board members, provided that it is not less than three.</p> <p>b. The General Assembly shall elect the Board members for the term specified in the Articles of Association, provided it does not exceed four years. Re-election is permitted unless otherwise stipulated in the Articles of Association.</p> <p>c. A Board member may not hold membership in the boards of directors of more than five listed joint stock companies at the same time.</p> <p>d. The company must notify the Authority of the names of the Board members and the nature of their membership within five working days from the start date of the Board term or from the date of their appointment — whichever is earlier — as well as of any changes to their membership within five working days from the date such changes occur.</p>	<p><b>Article (16): Appointment, Termination, and Cessation of Board Membership</b></p> <p>a. The company's Articles of Association shall determine the number of Board members, provided that it shall not be less than three.</p> <p>b. The General Assembly shall elect the Board members for the term specified in the Articles of Association, provided that it does not exceed four years. Re-election is permitted unless otherwise stipulated in the Articles of Association.</p> <p>c. A Board member may not hold membership in the boards of directors of more than five listed joint stock companies simultaneously.</p> <p>d. The company must notify the Authority of the names of the Board members and the nature of their membership within five (5) working days from the start date of the Board term or from the date of their appointment — whichever comes first — and of any changes in membership within five (5) working days from the date of the change.</p> <p>e. Board membership shall expire upon the end of the term or upon the expiry of the member's eligibility under any applicable laws or regulations in the Kingdom. The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of any member who is absent from three (3) consecutive meetings or five (5) separate meetings during their term without a legitimate excuse acceptable to the Board.</p> <p>f. Notwithstanding the foregoing, the Ordinary General Assembly may dismiss all or some Board members. In such case, the Assembly shall elect a new Board or appoint replacements as necessary in accordance with the provisions of the Companies Law.</p> <p>g. The Board of Directors must call the Ordinary General Assembly to convene sufficiently before the end of its term to elect a new Board. If the election cannot be held and the term expires, the current members shall continue to perform their duties until a new Board is elected, provided that such continuation does not exceed the period specified by the regulations.</p>

	<p>h. If the Chairman and members of the Board resign, they must call the Ordinary General Assembly to convene to elect a new Board. The resignation shall not be effective until a new Board is elected, and the continuation of the resigned Board shall not exceed the period specified by the regulations.</p> <p>i. A Board member may resign by submitting a written notice to the Chairman. If the Chairman resigns, the notice shall be addressed to the remaining Board members and the Board Secretary. In both cases, the resignation shall be effective from the date specified in the notice.</p> <p>j. If a Board seat becomes vacant due to death or resignation, and the vacancy does not violate the quorum requirements stipulated in the law or the company's Articles of Association, the Board may appoint a temporary replacement who possesses the necessary experience and qualifications. The Commercial Register and the Authority must be notified within fifteen (15) days of the appointment, and the appointment must be presented to the Ordinary General Assembly at its next meeting. The new member shall complete the remaining term of their predecessor.</p> <p>k. If the quorum of the Board becomes invalid due to vacancies reducing the number of members below the minimum required by law or the company's Articles of Association, the remaining members must call the Ordinary General Assembly to convene within sixty (60) days to elect the required number of members.</p> <p>l. A resignation decision shall be effective from the date of notification to the Chairman of the Board or at any other time mutually agreed upon. If the resigning member has any remarks regarding the company's performance, they must submit a written statement to the Chairman, and such statement shall be presented to the Board members.</p>
<p><b>Article (37), Paragraph (c): Avoidance of Conflict of Interest</b></p> <p>(c) A member of the Board of Directors may not — without authorization from the General Assembly, to be renewed annually — have any direct or indirect interest in the business and contracts executed for the company's account. The Board member must disclose to the Board any personal interest they may have in the business and contracts executed</p>	<p><b>Article (37), Paragraph (c): Avoidance of Conflict of Interest</b></p> <p>(c) A member of the Board of Directors may not — without authorization from the General Assembly — have any interest, whether direct or indirect, in the business and contracts executed for the company's account. The Board member must disclose to the Board any personal interest they may have in such business or contracts, and this disclosure must be recorded in the minutes of the meeting. The interested member shall not participate in the voting on</p>

<p>for the company's account, and such disclosure shall be recorded in the minutes of the meeting. The interested Board member shall not participate in the voting on the resolution issued in this regard, whether in the General Assembly or in the Board of Directors' meeting. The Chairman of the Board shall notify the General Assembly, upon its convening, of any business or contracts in which a Board member has a personal interest, and such notification shall be accompanied by a special report from the external auditor.</p>	<p>the resolution related to the matter, whether in the General Assembly or the Board of Directors' meeting. The Chairman of the Board shall inform the General Assembly, upon its convening, of any business or contracts in which a Board member has a personal interest, and this disclosure must be accompanied by a special report from the external auditor.</p>
<p><b>Article (39), Paragraph (2): Regulation of Competition with the Company :</b></p> <p>2. A member of the Board of Directors may not — without authorization from the Ordinary General Assembly, to be renewed annually — engage in any activity that would compete with the company. Otherwise, the company shall have the right to claim compensation from the member or to consider the operations conducted by the member for their own account as having been carried out on behalf of the company.</p>	<p><b>Article (39), Paragraph (2): Regulation of Competition with the Company:</b></p> <p>2. A member of the Board of Directors may not — without authorization from the Ordinary General Assembly— engage in any activity that may compete with the company. Otherwise, the company shall have the right to claim compensation from the member or to consider the operations conducted by the member for their own account as having been carried out on behalf of the company.</p>

## **Banan Real Estate Company**

### **Corporate Governance Regulation of Banan Real Estate Company**

**The first version of this regulation was approved pursuant to a resolution of the Board of Directors of Banan Real Estate Company during its meeting held on .....**

**The final approval of the regulation was granted during the Extraordinary General Assembly meeting held on .....**

This regulation was drafted based on the Corporate Governance Regulation issued by the Board of the Capital Market Authority pursuant to Resolution No. 08-16-2017 dated 16/05/1438 AH (corresponding to 13/02/2017 AD), in accordance with the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437 AH, as amended by Resolution No. 08-05-2023 of the Capital Market Authority Board dated 25/06/1444 AH (corresponding to 18/01/2023 AD), and pursuant to the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443 AH.

## Part One: Preliminary Provisions

### Introduction

Amid the rapid growth witnessed by the Kingdom of Saudi Arabia and the region in general, and given the urgent need for specialized companies with expertise and innovative ideas to support this trajectory and achieve ambitious aspirations, Banan Real Estate Company has strived to become one of the leading companies in the region. The company is diligently working to keep pace with the development and growth in various business and economic sectors, particularly in the real estate sector.

The concept of corporate governance requires the Board of Directors to manage the company in a manner that achieves profitability while ensuring the smooth conduct of operations, maintaining control over the company's activities, and fostering strong relationships with its clients and stakeholders. Governance represents a management approach that equips the organization with procedures and policies to efficiently manage operations, providing a framework for ethical decision-making and management practices based on transparency, accountability, and clearly defined roles for management and employees.

This Governance Regulation has been established to create an appropriate institutional, financial, and regulatory environment that facilitates and enables the company to thrive as an entity that enhances its commercial standing and profitability for its shareholders. To fulfill this mission, Banan Real Estate Company is committed to providing a professional environment by adhering to the highest administrative, legal, and financial standards that align with its activities and objectives, ensuring ease and efficiency in operations while achieving the utmost levels of transparency and clarity.

The Board of Directors has resolved to adopt this Governance Regulation in the attached format, reflecting the company's commitment to the best standards derived from recognized international systems and norms. These standards aim to regulate and organize administrative and executive practices, safeguarding the interests of shareholders, clients, and stakeholders interacting with Banan Real Estate Company.

### Banan Real Estate Company

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#### Article (1): Definitions

The following words and phrases shall have the meanings specified below unless the context requires otherwise:

- **Companies Law:** The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 AH.
- **Capital Market Law:** The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 AH.
- **Rules for Offering Securities and Continuing Obligations:** The Rules for Offering Securities and Continuing Obligations issued by the Board of the Capital Market Authority.
- **Listing Rules:** The Listing Rules approved by the Board of the Capital Market Authority.
- **Authority:** The Capital Market Authority.

- **Market:** The Saudi Financial Market.
- **Company:** Banan Real Estate Company.
- **Board of Directors:** The Board of Directors of Banan Real Estate Company.
- **Corporate Governance:** Rules for directing and managing the company, encompassing mechanisms to regulate relationships between the Board of Directors, executive management, shareholders, and stakeholders, by establishing specific rules and procedures to facilitate decision-making, enhance transparency and credibility, protect shareholders' and stakeholders' rights, and promote fairness, competitiveness, and transparency in the market and business environment.
- **Shareholders' Assembly:** An assembly formed by the shareholders of Banan Real Estate Company in accordance with the provisions of the Companies Law and the company's bylaws.
- **Executive Member:** A member of the Board of Directors who is fully engaged in the company's executive management and participates in its daily operations.
- **Non-Executive Member:** A member of the Board of Directors who is not engaged in the company's management and does not participate in its daily operations.
- **Independent Member:** A non-executive member of the Board of Directors who enjoys complete independence in their position and decisions, and to whom none of the independence impediments specified in Article (18) of this regulation apply.
- **Executive Management or Senior Executives:** Individuals responsible for managing the company's daily operations, proposing and implementing strategic decisions, such as the Chief Executive Officer, their deputies, and the Chief Financial Officer.
- **Relatives or Kinship:**
  1. Parents, grandparents, and their ascendants.
  2. Children, their descendants, and their progeny.
  3. Full siblings, half-siblings (paternal or maternal).
  4. Spouses.
- **Person:** Any natural or legal person recognized as such under the laws of the Kingdom.
- **Related Parties:**
  1. Subsidiaries of the company, except for wholly-owned subsidiaries.
  2. Major shareholders of the company.
  3. Members of the Board of Directors and senior executives of the company.
  4. Members of the boards of directors of the company's subsidiaries.
  5. Members of the boards of directors and senior executives of major shareholders of the company.
  6. Any relatives of the persons referred to in (1, 2, 3, or 5) above.

7. Any company or entity controlled by any person referred to in (1, 2, 3, 5, or 6) above. For the purposes of paragraph (6) of this definition, “relatives” refers to parents, spouses, and children.

- **Group:** With respect to a person, this refers to that person and all their subsidiaries.
- **Subsidiary:** A person controlled by another person, controlling another person, or jointly controlled by a third person, whether directly or indirectly.
- **Stakeholders:** All parties with an interest in the company, such as employees, creditors, clients, suppliers, and the community.
- **Major Shareholders:** Any person owning 5% or more of the company’s shares or voting rights.
- **Controlling Interest:** The ability to influence the actions or decisions of another person, directly or indirectly, individually or in collaboration with a relative or subsidiary, through: a. Ownership of 30% or more of the voting rights in a company. b. The right to appoint 30% or more of the members of the administrative body.
- **Administrative Body:** The group of individuals making strategic decisions for a person. The company’s Board of Directors is considered its administrative body.
- **Remunerations:** Amounts, allowances, profits, or their equivalents, periodic or annual performance-related bonuses, short- or long-term incentive plans, and any other in-kind benefits, excluding reasonable actual expenses incurred by the company on behalf of a Board member to perform their duties.
- **Day:** A calendar day, whether a working day or not.

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## Article (2): Objectives of the Regulation

a. This regulation aims to establish an effective legal framework for the company’s governance, with a particular focus on the following:

1. Activating the role of shareholders in the company and facilitating the exercise of their rights.
2. Defining the powers and responsibilities of the Board of Directors and executive management.
3. Enhancing the role of the Board of Directors and its committees and improving their efficiency to strengthen decision-making mechanisms within the company.
4. Achieving transparency, integrity, and fairness in the financial market, its transactions, and the business environment, while promoting disclosure.
5. Providing effective and balanced tools to address conflicts of interest.
6. Strengthening oversight and accountability mechanisms for the company’s employees.
7. Establishing a general framework for dealing with stakeholders and safeguarding their rights.
8. Increasing the efficiency of oversight over the company and providing the necessary tools for this purpose.



9. Raising the company's awareness of professional conduct and encouraging its adoption and development in a manner suited to its nature.

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## **Part Two: Shareholders' Rights**

### **Chapter One: General Rights**

#### **Article (3): Fair Treatment of Shareholders**

1. The Board of Directors shall ensure the protection of shareholders' rights to guarantee fairness and equality among them.
2. The Board of Directors and the company's executive management shall not discriminate among shareholders owning shares of the same type and class or deprive them of any rights.
3. The company shall specify in its internal policies the procedures necessary to ensure that all shareholders can exercise their rights.

#### **Article (4): Rights Associated with Shares**

Shareholders shall have all rights associated with their shares, including but not limited to:

1. Receiving their share of net profits designated for distribution in cash or through the issuance of shares.
2. Receiving their share of the company's assets upon liquidation.
3. Attending general or special shareholders' assemblies, participating in their deliberations, and voting on their resolutions.
4. Disposing of their shares in accordance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
5. Inquiring and requesting access to the company's books and documents, including data and information related to the company's activities, operational and investment strategies, provided this does not harm the company's interests or contravene the Companies Law, the Capital Market Law, or their implementing regulations.
6. Monitoring the company's performance and the activities of the Board of Directors.
7. Holding Board members accountable, filing liability lawsuits against them, and challenging the validity of resolutions of general or special shareholders' assemblies in accordance with the conditions and restrictions stipulated in the Companies Law and the company's bylaws.
8. Priority in subscribing to new shares issued against cash contributions, unless the extraordinary general assembly suspends the priority right—if provided for in the company's bylaws—in accordance with Article 129 of the Companies Law and the company's bylaws.
9. Registering their shares in the company's shareholder register.
10. Requesting access to a copy of the company's articles of association and bylaws, unless published on the company's website.
11. Nominating and electing members of the Board of Directors.

**Article (5): Shareholders' Access to Information**

a. The Board of Directors shall provide complete, clear, accurate, and non-misleading information to enable shareholders to fully exercise their rights. Such information shall be provided in a timely manner and updated regularly. b. The method of providing information to shareholders shall be clear and detailed, including a statement of the company information available to shareholders, and shall be made available to all shareholders of the same type or class. c. The most effective means of communication with shareholders shall be followed, ensuring no discrimination in providing information.

**Article (6): Communication with Shareholders**

1. The Board of Directors shall ensure effective communication between the company and shareholders, based on a mutual understanding of the company's strategic objectives and interests.
2. The Chairman of the Board and the Chief Executive Officer shall inform other Board members of shareholders' opinions and discuss them with them.
3. No shareholder may interfere in the operations of the Board of Directors or the company's executive management unless they are a member of the Board, employed in executive management, or their intervention is through the general assembly in accordance with its powers.
4. The company shall appoint a qualified officer responsible for tasks related to investor relations to ensure effective and fair communication between the company and shareholders.

**Article (7): Election of Board Members**

a. The company shall announce information about candidates for Board membership on the stock exchange's website when publishing or sending the invitation to convene the general assembly. Such information shall include a description of the candidates' experience, qualifications, skills, previous and current positions, and memberships. The company shall provide a copy of this information at its headquarters and on its website. b. Voting in the general assembly shall be limited to candidates for Board membership whose information has been announced by the company in accordance with paragraph (a) of this article.

**Article (8): Dividend Distribution**

1. The general assembly shall determine the percentage of net profits to be distributed to shareholders after deducting reserves, if any.
2. The Board of Directors shall establish a clear policy regarding dividend distribution that serves the interests of both shareholders and the company, in accordance with the company's bylaws.
3. Shareholders shall be entitled to their share of profits in accordance with the general assembly's resolution on dividend distribution or the Board's resolution on interim dividends. The resolution shall specify the entitlement date and distribution date, and it shall be implemented in accordance with the implementing regulation of the Companies Law for listed joint-stock companies.

## **Chapter Two: Rights Related to the General Assembly**

### **Article (9): Introduction**

The general assemblies of shareholders shall have authority over all matters related to the company. A general assembly convened in accordance with regulatory procedures represents all shareholders in exercising their powers concerning the company and performs its role in accordance with the provisions of the Companies Law, its implementing regulations, and the company's bylaws.

### **Article (10): Powers of the Extraordinary General Assembly**

The extraordinary general assembly shall have the following powers:

1. Amending the company's bylaws, except for amendments deemed void under the provisions of the Companies Law.
2. Increasing the company's capital in accordance with the conditions stipulated in the Companies Law and its implementing regulations.
3. Reducing the company's capital if it exceeds the company's needs or if the company incurs financial losses, in accordance with the conditions stipulated in the Companies Law and its implementing regulations.
4. Deciding on the use of reserves designated for specific purposes in the company's bylaws.
5. Deciding on the continuation or dissolution of the company before the term specified in its bylaws.
6. Approving the purchase of the company's shares.
7. Issuing preferred or redeemable shares, approving their purchase, or converting one type or class of shares to another, based on a provision in the company's bylaws and in accordance with the implementing regulation of the Companies Law for listed joint-stock companies.
8. Issuing debt instruments or financing sukuk convertible into shares and specifying the maximum number of shares that may be issued against such instruments or sukuk.
9. Allocating shares issued upon capital increase, or a portion thereof, to employees of the company, its subsidiaries, or any of them.
10. Suspending shareholders' priority rights in subscribing to a capital increase against cash contributions or granting priority to non-shareholders in cases deemed appropriate for the company's interests, if provided for in the company's bylaws.

The extraordinary general assembly may issue resolutions falling within the powers of the ordinary general assembly, provided such resolutions are issued in accordance with the conditions for issuing ordinary general assembly resolutions, determined by a majority of the voting rights represented at the meeting.

### **Article (11): Powers of the Ordinary General Assembly**

Except for matters falling under the authority of the extraordinary general assembly, the ordinary general assembly shall have authority over all company matters, particularly:

1. Electing and dismissing members of the Board of Directors.

2. Authorizing a Board member to have a direct or indirect interest in transactions and contracts conducted on behalf of the company, in accordance with the provisions of the Companies Law and its implementing regulations.
3. Authorizing a Board member to engage in activities that may compete with the company or in one of the branches of activity it undertakes, in accordance with the provisions of the Companies Law and its implementing regulations.
4. Monitoring compliance of Board members with the provisions of the Companies Law, its implementing regulations, other relevant regulations, and the company's bylaws, investigating any harm resulting from their violation of these provisions or mismanagement, determining the resulting liability, and taking appropriate action in accordance with the Companies Law and its implementing regulations.
5. Reviewing and discussing the company's financial statements.
6. Reviewing and discussing the Board of Directors' report.
7. Deciding on the Board's proposals regarding the method of distributing net profits.
8. Appointing one or more auditors for the company, determining their fees, reappointing or dismissing them, discussing their report, and making decisions regarding it.
9. Addressing violations and errors committed by the company's auditors in performing their duties, as well as any difficulties reported by the auditors concerning access to books, records, documents, data, or clarifications necessary for their tasks, and taking appropriate action in this regard.
10. Deciding on the use of the company's reserves if not allocated for a specific purpose in the company's bylaws, provided such use is based on a proposal from the Board of Directors and serves the interests of the company or shareholders.
11. Forming the company's reserves and determining their uses.
12. Deducting amounts from the company's net profits to achieve social purposes for the company's employees, in accordance with Article 123 of the Companies Law.
13. Approving the sale of more than 50% of the company's assets, whether in a single transaction or multiple transactions within twelve months from the date of the first sale. If such a sale includes matters within the authority of the extraordinary general assembly, the approval of the extraordinary general assembly must be obtained.

#### **Article (12): Shareholders' Assembly**

a. The ordinary general assembly of shareholders shall convene in accordance with the conditions and circumstances stipulated in the Companies Law, its implementing regulations, and the company's bylaws. b. The annual ordinary general assembly shall convene at least once within the six months following the end of the company's financial year. c. General and special shareholders' assemblies shall convene at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law, its implementing regulations, and the company's bylaws. The Board of Directors must invite the ordinary general assembly to convene within thirty days from the date of a request by the auditor, the audit committee, or a number of shareholders representing at least 10% of the company's shares with voting rights. The auditor may invite the ordinary general assembly to convene if the Board of Directors fails to do so within thirty days from the auditor's request. d.

Subject to the provisions of the Companies Law and its implementing regulations, the date, place, and agenda of the general assembly must be announced at least twenty-one days in advance. The invitation shall be published on the stock exchange's website and the company's website. Additionally, the company may send invitations to convene general and special assemblies through modern technological means. e. The company may amend the agenda of the general assembly during the period between the publication of the announcement referred to in paragraph (d) of this article and the date of the assembly, provided the company announces such amendments in accordance with the conditions specified in paragraph (d) of this article. f. Shareholders must be given the opportunity to actively participate and vote in general assembly meetings. General assembly meetings may be held, and shareholders may participate in deliberations and vote on resolutions, using modern technological means, in accordance with the implementing regulation of the Companies Law for listed joint-stock companies. g. The Board of Directors shall facilitate the participation of the largest possible number of shareholders in the general assembly, including by selecting an appropriate location and time. h. The company shall verify the registration of shareholders wishing to attend at the company's headquarters before the scheduled time of the assembly, unless the company's bylaws specify another method.

#### **Article (13): General Assembly Agenda**

a. When preparing the general assembly agenda, the Board of Directors shall consider the topics shareholders wish to include. Shareholders owning at least 10% of the company's shares with voting rights may add one or more topics to the general assembly agenda during its preparation. b. The Board of Directors shall list each topic on the general assembly agenda as a separate item, avoiding combining substantially different topics under a single item or including transactions and contracts in which any Board member has a direct or indirect interest under a single item for the purpose of obtaining shareholders' votes on the item as a whole. c. Shareholders must be able to access information related to the general assembly agenda items through the company's website and the stock exchange's website upon publication of the invitation to convene the assembly, particularly the Board of Directors' report, the auditor's report, financial statements, and the audit committee's report, to enable them to make informed decisions. The company shall update this information if the agenda is amended. d. The Authority may add topics to the general assembly agenda as it deems necessary.

#### **Article (14): Management of Shareholders' Assemblies**

a. General assembly meetings shall be chaired by the Chairman of the Board of Directors, their deputy in their absence, or a member delegated by the Board from among its members in the absence of both the Chairman and their deputy. If this is not possible, the general assembly shall be chaired by a person delegated by the shareholders from among the Board members or others through voting. b. The chairman of the shareholders' assembly shall ensure that shareholders have the opportunity to actively participate and vote in general assembly meetings, avoiding any measures that hinder attendance or the exercise of voting rights. Shareholders must be informed of the rules governing the meetings and voting procedures. c. Shareholders shall have the right to discuss topics listed on the general assembly agenda and direct questions about them to Board members and the auditor. Such questions must be answered to the extent that does not jeopardize the company's interests. d. Shareholders must be enabled to access the minutes of the general assembly meeting. The company shall provide the Authority with a copy of the minutes within ten days from the date of the meeting. e. The company shall announce to the public and notify the Authority and the market of the general assembly's results immediately upon its conclusion, in accordance with the controls specified by the Authority.

### **Part Three: Board of Directors**

#### **Chapter One: Formation of the Board of Directors**

##### **Article (15): Formation of the Board of Directors**

The formation of the Board of Directors shall observe the following:

1. The number of its members shall be proportionate to the size and nature of the company's activities, without prejudice to the provisions of paragraph (a) of Article (16) of this regulation.
2. The majority of its members shall be non-executive.
3. The number of independent members shall not be less than two or one-third of the Board members, whichever is greater.

##### **Article (16): Appointment, Termination, and End of Board Membership**

a. The company's bylaws shall specify the number of Board members, provided it is not less than three. b. The general assembly shall elect Board members for the term specified in the company's bylaws, not exceeding four years. They may be re-elected unless the company's bylaws provide otherwise. c. A Board member shall not simultaneously serve on the boards of more than five listed joint-stock companies in the market. d. The company shall notify the Authority of the names of Board members and their membership classifications within five working days from the start of the Board's term or their appointment, whichever is earlier, and of any changes to their membership within five working days from the date of the change. e. Board membership shall terminate upon the expiration of its term or the member's eligibility in accordance with any applicable laws or instructions in the Kingdom. The general assembly may, based on a recommendation from the Board, terminate the membership of a member who is absent from three consecutive or five non-consecutive meetings during their term without a valid excuse acceptable to the Board. f. Nevertheless, the ordinary general assembly may dismiss all or some Board members. In such a case, the ordinary general assembly shall elect a new Board or a replacement for the dismissed member, as applicable, in accordance with the provisions of the Companies Law. g. The Board of Directors shall invite the ordinary general assembly to convene sufficiently in advance of the end of its term to elect a Board for a new term. If the election cannot be held and the current Board's term expires, its members shall continue to perform their duties until a new Board is elected, provided the extension does not exceed the period specified in the regulations. h. If the Chairman and members of the Board resign, they must invite the ordinary general assembly to convene to elect a new Board. The resignation shall not take effect until the new Board is elected, provided the extension does not exceed the period specified in the regulations. i. A Board member may resign by submitting a written notice to the Chairman of the Board. If the Chairman resigns, the notice must be addressed to the remaining Board members and the Board's secretary. In both cases, the resignation shall take effect from the date specified in the notice. j. If a Board member's position becomes vacant due to death or resignation and this does not affect the validity of the Board's meetings due to the number of members falling below the minimum specified in the law or the company's bylaws, the Board may temporarily appoint a qualified and experienced person to the vacant position. The commercial registry and the Authority must be notified within fifteen days from the date of appointment, and the appointment must be presented to the ordinary general assembly at its first meeting. The appointed member shall complete the term of their predecessor. k. If the conditions for the validity

of Board meetings are not met due to the number of members falling below the minimum specified in the law or the company's bylaws, the remaining members must invite the ordinary general assembly to convene within sixty days to elect the necessary number of members. I. A resignation decision shall take effect from the date the Chairman of the Board is notified of the resignation or at any other agreed-upon time. If a Board member has comments on the company's performance, they must submit a written statement to the Chairman of the Board, and this statement must be presented to the Board members.

#### **Article (17): Conditions for Board Membership**

A Board member must possess professional competence, with the necessary experience, knowledge, skills, and independence to perform their duties efficiently and effectively. In particular, the following must be met:

1. **Leadership Ability:** The member must have leadership skills that enable them to delegate authority, stimulate performance, apply best practices in effective management, and adhere to professional values and ethics.
2. **Competence:** The member must have academic qualifications, professional and personal skills, appropriate training, and practical experience relevant to the company's current and future activities or in management, economics, accounting, law, or governance, as well as a willingness to learn and train.
3. **Guidance Ability:** The member must have technical, leadership, and administrative capabilities, the ability to make decisions quickly, understand the technical requirements of workflows, and be capable of strategic guidance, planning, and clear future vision.
4. **Financial Knowledge:** The member must be able to read and understand financial statements and reports.
5. **Health Fitness:** The member must not have any health impediments that prevent them from performing their duties and responsibilities.

The general assembly shall consider the recommendations of the Nominations and Remunerations Committee and the availability of the necessary personal and professional qualifications for Board members to perform their duties effectively, as stipulated in this article.

#### **Article (18): Impediments to Independence**

a. An independent Board member must be able to perform their duties, express opinions, and vote on decisions objectively and impartially to assist the Board in making sound decisions that serve the company's interests. b. The Board of Directors shall annually assess the extent of a member's independence and ensure the absence of relationships or circumstances that affect or could affect their independence. c. The following, among others, are incompatible with the required independence of an independent Board member:

1. Owning 5% or more of the company's shares or the shares of another company in its group, or being related to someone who owns such a percentage.
2. Being related to any Board member of the company or another company in its group.
3. Being related to any senior executive of the company or another company in its group.



4. Serving as a Board member of another company in the company's group for which they are nominated.
5. Being employed or having been employed within the past two years by the company or another company in its group, or owning a controlling interest in the company or any party dealing with the company or its group, such as auditors or major suppliers, within the past two years.
6. Having a direct or indirect interest in the transactions and contracts conducted on behalf of the company.
7. Receiving financial amounts from the company in addition to the remuneration for Board or committee membership exceeding SAR 200,000 or 50% of their remuneration for the previous year for Board or committee membership, whichever is less.
8. Engaging in activities that may compete with the company or trading in one of the branches of activity the company undertakes.
9. Having served more than nine years, whether consecutive or non-consecutive, as a member of the company's Board of Directors. d. Transactions and contracts conducted to meet personal needs shall not be considered interests that negate the independence of a Board member requiring authorization from the ordinary general assembly, provided such transactions and contracts are conducted under the same conditions and terms applied by the company with all contractors and stakeholders and are part of the company's usual activities, unless the Nominations and Remunerations Committee determines otherwise.

## **Chapter Two: Responsibilities and Powers of the Board of Directors**

### **Article (19): Responsibility of the Board of Directors**

a. The Board of Directors represents all shareholders and must exercise due care and loyalty in managing the company and all matters related to safeguarding its interests, promoting its development, and maximizing its value. b. The Board of Directors is responsible for the company's operations, even if it delegates committees, entities, or individuals to exercise some of its powers. In all cases, the Board may not issue a general or indefinite delegation.

### **Article (20): Core Functions of the Board of Directors**

Subject to the powers reserved for the general assembly under the Companies Law, its implementing regulations, and the company's bylaws, the Board of Directors shall have the broadest authority to manage the company and direct its operations to achieve its objectives. The Board's duties and powers include:

1. Formulating the company's plans, policies, strategies, and main objectives, overseeing their implementation, and periodically reviewing them, ensuring the availability of necessary human and financial resources, including: a. Developing the company's comprehensive strategy, main business plans, and risk management policies and procedures, and guiding and reviewing them. b. Determining the company's optimal capital structure, strategies, and financial objectives, and approving various estimated budgets. c. Overseeing the company's major capital expenditures, owning and disposing of assets. d. Setting performance objectives and monitoring implementation and overall performance in the company. e.



Periodically reviewing and approving the company's organizational and functional structures.

f. Ensuring the availability of necessary human and financial resources to achieve the company's objectives and main plans.

2. Establishing internal control systems and regulations and overseeing them, including: a. Developing a written policy to address actual and potential conflicts of interest for Board members, executive management, and shareholders, including misuse of the company's assets and facilities and misconduct resulting from transactions with related parties. b. Ensuring the integrity of financial and accounting systems, including those related to financial reporting. c. Ensuring the implementation of appropriate control systems for risk measurement and management by developing a general understanding of the risks the company may face, creating a risk-aware environment, and transparently addressing them with stakeholders and related parties. d. Annually reviewing the effectiveness of the company's internal control procedures.
3. Developing clear and specific policies, standards, and procedures for Board membership—without contradicting the mandatory provisions of this regulation—and implementing them after approval by the general assembly.
4. Developing a written policy to regulate relationships with stakeholders in accordance with the provisions of this regulation.
5. Developing policies and procedures to ensure the company's compliance with laws and regulations, its obligation to disclose material information to shareholders and stakeholders, and verifying executive management's compliance with them.
6. Overseeing the management of the company's finances, cash flows, and financial and credit relationships with third parties.
7. Proposing to the extraordinary general assembly what it deems appropriate regarding: a. Increasing or reducing the company's capital. b. Dissolving the company before the term specified in its bylaws or deciding on its continuation.
8. Proposing to the ordinary general assembly what it deems appropriate regarding: a. Using the company's reserves if not allocated for a specific purpose in the company's bylaws. b. Forming additional financial reserves or provisions for the company. c. The method of distributing the company's net profits.
9. Preparing and approving the company's preliminary and annual financial statements before publication.
10. Preparing and approving the Board of Directors' report before publication.
11. Ensuring the accuracy and integrity of data and information required to be disclosed in accordance with the applicable disclosure and transparency policies and regulations.
12. Establishing effective communication channels that allow shareholders to continuously and periodically access the company's various activities and any material developments.
13. Forming specialized committees emanating from it through resolutions specifying the committee's term, powers, responsibilities, and how the Board oversees it. The formation resolution shall include naming the members, defining their duties, rights, and obligations, and evaluating the performance and activities of these committees and their members.

14. Determining the types of remunerations granted to the company's employees, such as fixed remunerations, performance-related bonuses, and share-based incentives, in accordance with the implementing regulation of the Companies Law for listed joint-stock companies.
15. Notifying the ordinary general assembly at its meeting of transactions and contracts in which a Board member has a direct or indirect interest, including the information provided by the member to the Board in accordance with paragraph (14) of Article (26) of this regulation, accompanied by a special report from the company's external auditor.
16. Establishing the values and standards governing the company's operations.
17. The Board of Directors shall develop clear and written policies and procedures to regulate relationships with stakeholders to protect them and safeguard their rights, particularly including:
  - a. Mechanisms for compensating stakeholders in case of violation of their rights established by regulations or protected by contracts.
  - b. Mechanisms for resolving complaints or disputes that may arise between the company and stakeholders.
  - c. Mechanisms for building good relationships with clients and suppliers and maintaining the confidentiality of their information.
  - d. Professional conduct rules for the company's managers and employees, aligned with sound professional and ethical standards, regulating their relationships with stakeholders. The Board shall establish mechanisms to monitor the implementation of and compliance with these rules.
  - e. Ensuring that the company's dealings with Board members and related parties are conducted under the same conditions and terms applied to stakeholders, without discrimination or preference.
  - f. Ensuring stakeholders have access to information related to their activities to enable them to perform their duties, provided such information is accurate, sufficient, timely, and regular.

## **Chapter Two: Responsibilities and Powers of the Board of Directors (Continued)**

### **Article (21): Distribution of Powers and Responsibilities**

The company's organizational structure must clearly define the distribution of powers and responsibilities between the Board of Directors and the executive management in a manner consistent with best corporate governance practices. This structure shall enhance the efficiency of the company's decision-making processes and ensure a balance of authority and powers between the two. To achieve this, the Board of Directors shall:

1. Adopt internal policies related to the company's operations and development, including defining the duties, powers, and responsibilities assigned to various organizational levels.
2. Adopt a written and detailed policy specifying the powers delegated to the executive management, along with a schedule outlining these powers, their implementation methods, and the duration of the delegation. The Board of Directors may request the executive management to submit periodic reports on the exercise of these delegated powers.
3. Identify matters reserved exclusively for the Board's decision-making authority.

### **Article (22): Separation of Positions**

a. Subject to the provisions of the company's bylaws, the Board of Directors shall appoint a Chairman and a Vice-Chairman from among its members. It may also appoint a Managing Director or a Chief Executive Officer from among its members. b. The position of Chairman of the Board of Directors shall not be combined with any executive position in the company, including the positions of Managing Director, Chief Executive Officer, or General Manager, even if the company's bylaws

stipulate otherwise. c. The Board of Directors shall clearly and in writing define the powers and responsibilities of the Chairman, Vice-Chairman, Managing Director, or Chief Executive Officer if the company's bylaws do not address these. d. Under no circumstances shall any single individual have absolute decision-making authority in the company.

#### **Article (23): Oversight of Executive Management**

The Board of Directors shall be responsible for forming the company's executive management, organizing its operations, supervising and monitoring it, and ensuring that it performs the duties assigned to it. To this end, the Board shall:

1. Establish the necessary administrative and financial policies.
2. Verify that the executive management operates in accordance with the policies approved by the Board.
3. Select and appoint the company's Chief Executive Officer and oversee their performance.
4. Appoint, dismiss, and determine the remuneration of the head of the internal audit unit or department or the internal auditor.
5. Hold periodic meetings with the executive management to discuss the progress of operations, address obstacles and challenges, and review and discuss critical information regarding the company's activities.
6. Establish performance standards for the executive management that align with the company's objectives and strategy.
7. Review and evaluate the performance of the executive management.
8. Develop succession plans for the company's management.

#### **Article (24): Powers and Responsibilities of Executive Management**

Subject to the powers reserved for the Board of Directors under the provisions of the Companies Law and its implementing regulations, the executive management shall be responsible for implementing the company's plans, policies, strategies, and primary objectives to achieve its purposes. The powers and responsibilities of the executive management include the following:

1. Implementing the company's internal policies and regulations approved by the Board of Directors.
2. Proposing the company's comprehensive strategy, main and interim business plans, investment and financing policies and mechanisms, risk management policies, and contingency management plans, and executing them.
3. Proposing the company's optimal capital structure, strategies, and financial objectives.
4. Proposing the company's major capital expenditures, acquisition, and disposal of assets.
5. Proposing the company's organizational and functional structures and submitting them to the Board of Directors for approval.
6. Implementing internal control systems and regulations and overseeing them, including: a. Implementing the conflict-of-interest policy. b. Properly applying financial and accounting systems, including those related to financial reporting. c. Implementing appropriate control

systems for measuring and managing risks by developing a general understanding of the risks the company may face, fostering a risk-aware environment, and transparently addressing them with the Board of Directors and other stakeholders.

7. Effectively implementing the company's governance rules—provided they do not conflict with the provisions of this regulation—and proposing amendments when necessary.
8. Implementing policies and procedures to ensure the company's compliance with laws and regulations and its obligation to disclose material information to shareholders and stakeholders.
9. Providing the Board of Directors with the information necessary to exercise its powers and making recommendations regarding: a. Increasing or reducing the company's capital. b. Dissolving the company before the term specified in its bylaws or deciding on its continuation. c. Using the company's reserves if not allocated for a specific purpose in the company's bylaws. d. Forming additional reserves for the company. e. The method of distributing the company's net profits.
10. Proposing a policy and types of remunerations granted to employees, such as fixed remunerations, performance-related bonuses, and share-based incentives.
11. Preparing periodic financial and non-financial reports on the progress of the company's activities in light of its strategic plans and objectives and presenting these reports to the Board of Directors.
12. Managing the company's daily operations and activities, as well as optimally managing its resources in line with the company's objectives and strategy.
13. Actively participating in building and fostering a culture of ethical values within the company.
14. Implementing internal control and risk management systems, verifying their effectiveness and adequacy, and ensuring compliance with the level of risks approved by the Board of Directors.
15. Proposing internal policies related to the company's operations and development, including defining the duties, powers, and responsibilities assigned to various organizational levels.
16. Proposing a clear policy for delegating tasks to it and the methods of implementation.
17. Proposing the powers delegated to it, decision-making procedures, and the duration of the delegation, provided that it submits periodic reports to the Board of Directors on the exercise of these powers.

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### **Chapter Three: Powers and Responsibilities of the Chairman and Members of the Board of Directors**

#### **Article (25): Powers and Responsibilities of the Chairman of the Board of Directors**

Without prejudice to the powers of the Board of Directors, the Chairman of the Board shall lead the Board, oversee the conduct of its operations, and ensure the effective performance of its duties. The Chairman must be capable of supervising the management of the company's general affairs in a manner that ensures the Board's control over the company's affairs and its awareness of its

obligations toward shareholders. The Chairman must possess appropriate leadership qualities to enable them to perform their role effectively and earn the trust and respect of other Board members, the company's management, and shareholders in general. The Chairman's specific responsibilities and powers include:

1. Ensuring that Board members receive complete, clear, accurate, and non-misleading information in a timely manner.
2. Verifying that the Board of Directors effectively discusses all fundamental matters in a timely manner.
3. Representing the company before third parties in accordance with the provisions of the Companies Law, its implementing regulations, and the company's bylaws.
4. Encouraging Board members to perform their duties effectively in the best interest of the company.
5. Ensuring effective communication channels with shareholders and conveying their opinions to the Board of Directors.
6. Fostering constructive relationships and active participation between the Board of Directors and the executive management, as well as among executive, non-executive, and independent members, and creating a culture that encourages constructive criticism.
7. Preparing the agenda for Board meetings, taking into account any matters raised by Board members or the auditor, consulting with Board members and the Chief Executive Officer when preparing the agenda, and ensuring the inclusion of critical matters.
8. Issuing invitations to attend Board meetings and ensuring the legal quorum for these meetings.
9. Ensuring that Board decisions are accurately communicated to the company's management and that related matters receive appropriate follow-up.
10. Ensuring that Board members receive appropriate information before meetings to ensure effective and objective discussions.
11. Ensuring that meeting minutes are recorded and reviewed.
12. Holding periodic meetings with non-executive Board members without the presence of any company executives.
13. Overseeing the meetings of the Board's subcommittees and nominating suitable individuals for membership in these committees.
14. Developing a clear vision.
15. Guiding the Board in developing the company's strategy.
16. Ensuring that the company's activities and achievements align with the established strategy.
17. Ensuring that the Chief Executive Officer possesses the necessary qualifications, capabilities, and competence to manage the company.

**Article (26): Responsibilities and Duties of Board Members**

Each member of the Board of Directors, through their membership, shall perform the following responsibilities and duties:

1. Proposing suggestions to develop the company's strategy.
2. Monitoring the performance of the executive management and the extent to which it achieves the company's objectives and purposes.
3. Reviewing reports related to the company's performance.
4. Verifying the integrity and accuracy of the company's financial statements and information.
5. Ensuring that the company's financial controls and risk management systems are robust.
6. Determining appropriate remuneration levels for members of the executive management.
7. Providing opinions on the appointment and dismissal of executive management members.
8. Participating in developing a succession and replacement plan for the company's executive positions.
9. Fully complying with the provisions of the Companies Law, the Capital Market Law, their implementing regulations, other relevant regulations, and the company's bylaws when performing their duties as a Board member, and refraining from engaging or participating in any act that constitutes mismanagement of the company's affairs.
10. Attending Board and general assembly meetings and not being absent except for a valid excuse notified in advance to the Chairman or due to unforeseen circumstances.
11. Allocating sufficient time to fulfill their responsibilities, preparing for Board and committee meetings, and participating effectively, including asking relevant questions and discussing matters with senior executives of the company.
12. Studying and analyzing information related to matters under consideration by the Board before expressing an opinion on them.
13. Enabling other Board members to freely express their opinions, encouraging the Board to deliberate on matters, and seeking the opinions of relevant experts from the executive management or others when necessary.
14. Fully and immediately informing the Board of Directors of any interest—direct or indirect—in the transactions and contracts conducted on behalf of the company. This disclosure must include the nature and extent of the interest, the names of any involved parties, and the expected benefit, whether financial or non-financial, to be derived directly or indirectly from the interest. The member must not participate in voting on any decision related to this matter, in accordance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
15. Fully and immediately informing the Board of Directors of their participation—directly or indirectly—in any activities that may compete with the company or their competition with the company—directly or indirectly—in one of the branches of activity it undertakes, in accordance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.

16. Refraining from disclosing or divulging any confidential information obtained through their Board membership to any shareholder of the company—unless during general assembly meetings—or to third parties, as required by the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
17. Acting based on complete information, in good faith, with due care and diligence, and in the best interest of the company and all shareholders.
18. Understanding their duties, roles, and responsibilities arising from their membership.
19. Enhancing their knowledge in the field of the company's activities and operations, as well as in related financial, commercial, and industrial areas.
20. Resigning from Board membership if they are unable to fully perform their duties.

#### **Article (27): Responsibilities of Independent Members**

Subject to Article (26) of this regulation, an independent Board member shall actively participate in performing the following responsibilities:

1. Providing independent opinions on strategic matters, company policies, performance, and the appointment of executive management members.
2. Ensuring that the interests of the company and its shareholders are prioritized in the event of any conflict of interest.
3. Overseeing the development of the company's governance rules and monitoring their implementation by the executive management.

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### **Chapter Four: Procedures for Board Operations**

#### **Article (28): Board of Directors Meetings**

a. Subject to the provisions of the Companies Law and its implementing regulations, the Board of Directors shall hold regular meetings to effectively perform its duties and shall also convene meetings whenever necessary. b. The Board of Directors shall hold at least four meetings per year, with a minimum of one meeting every three months. c. The Chairman of the Board shall preside over meetings when present. In their absence, the Vice-Chairman shall preside. d. The Board of Directors shall convene upon the invitation of its Chairman or at the request of a Board member. The invitation to the meeting, accompanied by the agenda, necessary documents, and information, must be sent to each Board member at least five days before the meeting date, unless urgent circumstances require the meeting to be held sooner, in which case the invitation, agenda, documents, and information may be sent within a shorter period. e. A meeting shall not be valid unless attended by at least half of the Board members (in person or by proxy), with a minimum of three members present, unless the company's bylaws stipulate a higher percentage or number. f. In certain circumstances, Board decisions may be issued by circulation, fax, telegrams, or modern technological means, unless a member requests deliberation on the matter in writing. Such decisions must be presented at the next meeting for inclusion in the minutes, as per Article (82) of the Companies Law. The Chairman shall ensure that Board members are sufficiently informed of the details before making decisions by circulation, and the Board secretary shall ensure that the necessary approvals for these decisions are obtained. g. Board decisions shall be issued by a majority of the votes of the members present (in



person or by proxy). In the event of a tie, the side supported by the Chairman or the person presiding over the meeting shall prevail.

#### **Article (29): Board Members' Observations**

a. If any Board member has observations regarding the company's performance or any matters presented that were not resolved during the Board meeting, these observations must be recorded, along with the actions the Board takes or intends to take, in the minutes of the Board meeting. b. If a Board member expresses an opinion contrary to a Board decision, this opinion must be detailed in the minutes of the Board meeting.

#### **Article (30): Organization of Attendance at Board Meetings**

a. The Chairman of the Board shall consult with other members and the Chief Executive Officer when preparing a specific agenda of topics to be presented to the Board. The agenda, accompanied by supporting documents, shall be sent to members sufficiently in advance of the meeting to allow them to study the topics and prepare adequately. The Board of Directors shall approve the agenda at the meeting, and if any member objects to the agenda, the details of the objection shall be recorded in the meeting minutes. b. The process of attending Board meetings shall be organized, and measures shall be taken to address cases of irregular attendance by members. c. All Board members shall have an equal vote during voting. d. Attendees from outside the Board of Directors shall not have voting rights. e. The Chairman of the Board shall have a casting vote in the event of a tie during voting on decisions. The same applies to the Vice-Chairman or any other member presiding over the meeting in the absence of the Chairman. f. Independent Board members shall ensure their attendance at all meetings where significant and material decisions affecting the company's status are made. g. The attendance of members at meetings shall be recorded. h. The Board of Directors shall approve the agenda at the meeting. If any member objects to the agenda, this shall be recorded in the meeting minutes. i. Each Board member has the right to propose adding any item to the agenda.

#### **Article (31): Remuneration of Board Members**

a. The company's bylaws and remuneration and compensation policy shall specify the method of remunerating Board members. Such remuneration may include a fixed salary, attendance allowances for meetings, in-kind benefits, or a specific percentage of profits. b. The Board shall determine the remuneration of its members, taking into account the company's bylaws and ensuring that the remuneration amount complies with regulatory provisions while being appropriate to attract the most qualified individuals for Board membership to ensure effective performance in the company. c. Detailed disclosure of the amounts paid as remuneration or compensation to Board members shall be included in the Board's report to the general assembly of shareholders and the company's annual financial statements. The disclosure must include a comprehensive statement of all amounts received by Board members during the financial year.

#### **Article (32): Exercise of Board Powers**

a. The Board of Directors shall exercise its powers and responsibilities in leading the company within a framework of prudent and effective controls that allow for the measurement, management, and mitigation of risks. b. Subject to paragraph (b) of Article (19) of this regulation, the Board of Directors may, within the scope of its powers, delegate one or more of its members, committees, or others to undertake specific tasks or operations. c. The Board of Directors shall establish an internal policy outlining the procedures for its operations, aimed at encouraging its members to work effectively



and fulfill their duties toward the company. d. The Board of Directors shall organize its operations, allocate sufficient time to perform the tasks and responsibilities entrusted to it, including preparing for Board and committee meetings, and ensuring the coordination, recording, and preservation of its meeting minutes.

#### **Article (33): Board Secretary**

a. The Board of Directors shall appoint a Board Secretary from among its members or others. The Secretary's powers and compensation shall be determined by a Board resolution, unless the company's bylaws include provisions in this regard. These powers shall include the following:

1. Documenting Board meetings and preparing minutes that include discussions and deliberations, specifying the meeting's location, date, start and end times, documenting Board decisions and voting results, maintaining them in a dedicated and organized register, recording the names of attending members and any reservations they express—if any—and having these minutes signed by the meeting Chairman, all attending members, and the Secretary.
2. Preserving reports submitted to the Board of Directors and reports prepared by the Board.
3. Providing Board members with the Board's agenda, working papers, documents, related information, and any additional documents or information requested by any Board member related to the topics included in the meeting agenda.
4. Verifying Board members' compliance with the procedures approved by the Board.
5. Notifying Board members of Board meeting dates sufficiently in advance of the scheduled date.
6. Presenting draft minutes to Board members for their feedback before signing.
7. Ensuring that Board members receive complete and prompt copies of the Board meeting minutes, information, and documents related to the company.
8. Coordinating among Board members.
9. Maintaining a register of disclosures by Board members and executive management in accordance with Article (74) of this regulation.
10. Providing assistance and advice to Board members.
11. The Board Secretary may only be dismissed by a Board resolution.

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### **Chapter Five: Support**

#### **Article (34): Providing Information to Members**

The company's executive management shall provide Board members, particularly non-executive members, and company committees with all necessary information, data, documents, and records. Such information must be complete, clear, accurate, non-misleading, and provided in a timely manner to enable them to perform their duties and responsibilities.

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## **Chapter Six: Conflict of Interest**

### **Article (35): Handling Conflicts of Interest and Related Party Transactions**

Subject to the provisions of the Companies Law and its implementing regulations, conflicts of interest and transactions or dealings with related parties shall be addressed in accordance with the provisions of this chapter.

### **Article (36): Conflict of Interest Policy**

The Board of Directors shall establish a written and clear policy for handling actual or potential conflicts of interest that may affect the performance of Board members, committee members, executive management, or other company employees when dealing with the company or other stakeholders. This policy shall specifically include the following:

1. Emphasizing the obligation of Board members, committee members, major shareholders, senior executives, and other employees to avoid situations that lead to conflicts of interest with the company's interests and to handle them in accordance with the provisions of the Companies Law and its implementing regulations.
2. Providing illustrative examples of conflict-of-interest situations relevant to the nature of the company's activities.
3. Clear procedures for disclosing conflicts of interest in transactions that may give rise to such conflicts and obtaining the necessary authorization or approval.
4. Requiring continuous disclosure of situations that may lead to conflicts of interest or upon the occurrence of such conflicts.
5. Requiring abstention from voting or participating in decision-making when a conflict of interest exists.
6. Clear procedures for the company's contracts or dealings with related parties, including notifying the Authority and the public without delay of such contracts or dealings if they are equal to or exceed 1% of the company's total revenues according to its latest audited annual financial statements.
7. Procedures to be taken by the Board of Directors if a violation of this policy is identified.

### **Article (37): Avoiding Conflicts of Interest**

a. A Board member must:

1. Perform their duties with honesty and integrity, not prioritizing their personal interests over the interests of the company and its shareholders, and not exploiting their position to achieve personal gains.
2. Avoid conflicts of interest and inform the Board of any conflicts that may affect their impartiality when considering matters presented to the Board. The Board shall not involve such a member in deliberations, and their vote shall not be counted in decisions on these matters in Board or shareholder meetings.
3. Maintain the confidentiality of information related to the company and its activities and not disclose it to any person. b. A Board member is prohibited from exploiting or benefiting—directly or indirectly—from any of the company's assets, information, or investment

opportunities presented to them in their capacity as a Board member or to the company. This includes investment opportunities within the company's activities or those the company wishes to pursue. This prohibition applies to a Board member who resigns to exploit—directly or indirectly—investment opportunities the company wishes to pursue and of which they became aware during their Board membership. c. Without authorization from the general assembly, a Board member may not have any interest (direct or indirect) in transactions or contracts conducted on behalf of the company. The Board member must inform the Board of any personal interest in such transactions or contracts, and this disclosure shall be recorded in the meeting minutes. The member with the interest may not participate in voting on the decision related to this matter in the general assembly or Board meetings. The Chairman of the Board shall inform the general assembly at its meeting of the transactions and contracts in which a Board member has a personal interest, accompanied by a special report from the company's external auditor. d. Board members, audit committee members, senior executives, or any related party may not trade in the company's securities during restricted periods as per the regulations of the Capital Market Authority. e. The company may not provide any cash loan to Board members, nor may it enter into any guarantee or provide any warranties related to a loan entered into by any of them with a third party.

#### **Article (38): Disclosure of Conflicts of Interest by Nominees**

Anyone wishing to nominate themselves for Board membership must disclose to the Board and the general assembly any conflicts of interest, in accordance with the procedures established by the Authority. This includes:

1. Having a direct or indirect interest in the transactions and contracts conducted on behalf of the company for whose Board they are nominating themselves.
2. Engaging in activities that may compete with the company or competing with it in one of the branches of activity it undertakes.

#### **Article (39): Rules Governing Competition with the Company**

Subject to Article (27) of the Companies Law and related provisions in this regulation, if a Board member or a member of one of its committees wishes to engage in activities that may compete with the company or compete with it in one of the branches of activity it undertakes, the following must be observed:

1. Informing the Board of Directors of the competitive activities they wish to undertake, with this disclosure recorded in the minutes of the Board meeting.
2. Without authorization from the ordinary general assembly, a Board member may not engage in any activities that may compete with the company. Otherwise, the company may demand compensation or consider the operations conducted for their own account as having been conducted for the company's account.
3. The member with the interest may not participate in voting on the decision related to this matter in Board, committee, or shareholder meetings.
4. The Board of Directors shall inform the ordinary general assembly at its meeting of the competitive activities undertaken by a Board or committee member, after verifying that the member is competing with the company or one of its branches of activity. This verification

shall be based on criteria issued by the company's general assembly, upon the Board's proposal, and published on the company's website. These activities shall be verified annually.

5. Obtaining authorization from the company's ordinary general assembly or the Board of Directors, pursuant to a delegation from the ordinary general assembly, allowing the Board member to engage in competitive activities.

#### **Article (40): Concept of Competitive Activities**

Engaging in activities that may compete with the company or competing with it in one of the branches of activity it undertakes includes the following:

1. A Board member establishing a company or sole proprietorship or owning a significant percentage of shares or stakes in another company or entity that engages in activities similar to those of the company or its group.
2. Accepting membership on the board of a company or entity competing with the company or its group, or managing a competing sole proprietorship or company, regardless of its form, except for the company's subsidiaries.
3. Obtaining a commercial agency or similar arrangement, whether overt or covert, for another company or entity competing with the company or its group.

#### **Article (41): Acceptance of Gifts**

No member of the Board of Directors, its committees, or senior executives may accept gifts from any person with business dealings with the company if such gifts could lead to a conflict of interest.

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### **Part Four: Company Committees**

#### **Chapter One: General Provisions**

##### **Article (42): Formation of Committees**

Subject to Article (46) of this regulation, the Board of Directors shall form specialized committees in accordance with the following:

1. The company's needs, circumstances, and conditions, enabling it to perform its duties effectively.
2. Committees shall be formed according to general procedures established by the Board, which include defining each committee's tasks, duration of operation, delegated powers during this period, and the method of Board oversight. Each committee must transparently report its findings or decisions to the Board of Directors. The Board shall regularly monitor the work of these committees to ensure they are performing the tasks assigned to them.
3. Each committee shall be accountable to the Board of Directors for its actions, without prejudice to the Board's responsibility for those actions or the powers or authorities delegated to the committee.
4. The number of committee members shall be no fewer than three and no more than five.
5. Committee chairpersons or their designated representatives from among the committee members must attend general assemblies to answer shareholders' questions.

6. The company shall notify the Authority of the names of committee members and their membership classifications within five working days from the date of their appointment and of any changes to this within five working days from the date of the change.
7. The company may merge the Remuneration Committee and the Nominations Committee into a single committee called the Nominations and Remuneration Committee. In this case, the Nominations and Remuneration Committee must meet the specific requirements outlined in this regulation and the Corporate Governance Regulation, and it shall convene periodically at least every six months.

#### **Article (43): Committee Membership**

a. A sufficient number of non-executive Board members must be appointed to committees responsible for tasks that may give rise to conflicts of interest, such as ensuring the integrity of financial and non-financial reports, reviewing related party transactions, nominating Board members, appointing senior executives, and determining remunerations. Chairpersons and members of these committees are obligated to exercise due care, loyalty, and prioritize the interests of the company and its shareholders over their personal interests. b. When forming the Nominations and Remuneration Committee, the company shall ensure that its members are independent Board members. Non-executive members or individuals from outside the Board, whether shareholders or others, may be included, provided that the chairpersons of these committees are independent members. c. The Chairman of the Board of Directors may not be a member of the Audit Committee but may participate in the membership of other committees, provided they do not serve as the chairperson of the committees specified in this regulation.

#### **Article (44): Review of Matters**

a. Committees shall review matters within their scope or referred to them by the Board of Directors and submit their recommendations to the Board for decision-making. Alternatively, they may make decisions if delegated to do so by the Board, provided paragraph (b) of Article (19) of this regulation is observed. b. Committees may engage experts or specialists from within or outside the company within the scope of their powers. This shall be documented in the committee's meeting minutes, including the expert's name and their relationship with the company or its executive management.

#### **Article (45): Committee Meetings**

a. No Board member or executive management member, except the committee secretary and committee members, may attend committee meetings unless the committee requests their opinion or advice. b. Committee meetings shall be valid only if attended by a majority of its members. Decisions shall be issued by a majority of the votes of those present, and in the event of a tie, the side supported by the chairperson of the meeting shall prevail. c. Committee meetings must be documented, and minutes shall be prepared, including discussions and deliberations, documenting the committee's recommendations and voting results, and maintained in a dedicated and organized register. The minutes shall list the names of attending members and any reservations they express, if any, and shall be signed by all attending members.

## Chapter Two: Audit Committee

### Article (46): Formation of the Audit Committee

a. The Audit Committee shall be formed by a resolution of the company's Board of Directors, consisting of shareholders or others, provided it does not include any executive Board members. The committee shall have no fewer than three and no more than five members, including at least one member specialized in financial and accounting matters. b. The Audit Committee must include at least one independent member. c. The chairperson of the Audit Committee must be an independent member. d. At least half of the Audit Committee members must be independent or individuals to whom the independence impediments specified in Article (18) of this regulation do not apply. e. The company's general assembly, based on a proposal from the Board of Directors, shall issue the Audit Committee's operating regulation, which shall include the committee's controls and procedures, tasks, rules for selecting its members, nomination procedures, membership duration, remunerations, and the mechanism for temporarily appointing members in case of a vacancy. f. Individuals who work or have worked in the past two years in the company's executive or financial management or with the company's auditor may not be members of the Audit Committee. g. An Audit Committee member may not simultaneously serve on the audit committees of more than five listed joint-stock companies in the market.

### Article (47): Powers, Authorities, and Responsibilities of the Audit Committee

The Audit Committee shall be responsible for overseeing the company's operations and verifying the integrity and accuracy of its financial statements, reports, and internal control systems. The committee's specific tasks include the following:

#### a. Financial Reports:

1. Reviewing the company's preliminary and annual financial statements before presenting them to the Board of Directors, providing its opinion and recommendations to ensure their integrity, fairness, and transparency.
2. Providing a technical opinion, at the Board's request, on whether the Board's report and the company's financial statements are fair, balanced, understandable, and contain information that enables shareholders and investors to assess the company's financial position, performance, business model, and strategy.
3. Examining any significant or unusual matters included in the financial reports.
4. Thoroughly investigating any issues raised by the company's Chief Financial Officer or their equivalent, the compliance officer, or the auditor.
5. Verifying the accounting estimates for material matters included in the financial reports.
6. Reviewing the accounting policies followed by the company and providing opinions and recommendations to the Board of Directors regarding them.

#### b. Internal Audit:

1. Reviewing and assessing the company's internal, financial, and risk management control systems.
2. Examining internal audit reports and monitoring the implementation of corrective actions for the observations noted therein.

3. Overseeing and supervising the performance and activities of the internal auditor and the internal audit unit to ensure the availability of necessary resources and their effectiveness in performing assigned tasks and duties.
4. Recommending to the Board of Directors the appointment of the head of the internal audit unit or department or the internal auditor and proposing their remuneration.

**c. External Auditor:**

1. Recommending to the Board of Directors the nomination, dismissal, fee determination, and performance evaluation of external auditors, after verifying their independence and reviewing the scope of their work and contract terms.
2. Verifying the independence, objectivity, and fairness of the external auditor and the effectiveness of their audit work, taking into account relevant rules and standards.
3. Reviewing the external auditor's plan and work, ensuring they do not provide technical, administrative, or advisory services outside the scope of audit work, and providing feedback on this matter.
4. Responding to inquiries from the company's external auditor.
5. Reviewing the external auditor's report and their observations on the financial statements and following up on actions taken in response.

**d. Ensuring Compliance:**

1. Reviewing the findings of reports from regulatory authorities and verifying that the company has taken the necessary actions in response.
2. Verifying the company's compliance with relevant laws, regulations, policies, and instructions.
3. Reviewing proposed contracts and transactions with related parties and providing feedback to the Board of Directors.
4. Escalating to the Board of Directors any issues it deems necessary to address, along with recommendations for the actions to be taken.

**Article (48): Conflicts Between the Audit Committee and the Board of Directors**

If a conflict arises between the Audit Committee's recommendations and the Board of Directors' decisions, or if the Board refuses to adopt the committee's recommendation regarding the appointment, dismissal, fee determination, performance evaluation of the external auditor, or the appointment of the internal auditor, the Board's report must include the committee's recommendation, its justifications, and the reasons for not adopting it.

**Article (49): Audit Committee Meetings**

a. The Audit Committee shall convene periodically, with a minimum of four meetings during the company's financial year. b. The Audit Committee shall periodically meet with the company's external auditor and internal auditor. c. The internal auditor and external auditor may request a meeting with the Audit Committee whenever necessary.



**Article (50): Arrangements for Submitting Observations**

The Audit Committee shall establish a mechanism enabling company employees to confidentially submit observations regarding any irregularities in financial or other reports. The committee shall verify the implementation of this mechanism by conducting an independent investigation proportionate to the severity of the error or irregularity and adopting appropriate follow-up measures.

**Article (51): Powers of the Audit Committee**

To perform its duties, the Audit Committee shall have the following powers:

1. Access to the company's records and documents.
2. The ability to request clarifications or statements from Board members or executive management.
3. The ability to request the Board of Directors to convene the company's general assembly if the Board obstructs its work or if the company suffers significant damage or losses.

**Chapter Three: Nominations and Remuneration Committee****Article (52): Formation of the Nominations and Remuneration Committee**

a. A committee named the "Nominations and Remuneration Committee" shall be formed by a resolution of the company's Board of Directors, consisting of non-executive Board members, with at least one independent member. b. The company's general assembly, based on a proposal from the Board of Directors, shall issue the operating regulation for the Nominations and Remuneration Committee. This regulation shall include the committee's controls and procedures, tasks, rules for selecting its members, membership duration, and remunerations.

**Article (53): Powers of the Nominations and Remuneration Committee**

**a. Regarding Remunerations, the Nominations and Remuneration Committee shall be responsible for:**

1. Preparing a clear policy for the remuneration of Board members, members of committees emanating from the Board, and executive management, and submitting it to the Board of Directors for review prior to approval by the general assembly. This policy must adhere to performance-related standards, disclose them, and verify their implementation.
2. Clarifying the relationship between the awarded remunerations and the applicable remuneration policy, and stating any material deviation from this policy.
3. Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving its intended objectives.
4. Recommending to the Board of Directors the remunerations for Board members, members of its committees, and senior executives in accordance with the approved policy.

**b. Regarding Nominations, the Nominations and Remuneration Committee shall be responsible for:**

1. Proposing clear policies and standards for membership in the Board of Directors and executive management.



2. Recommending to the Board of Directors the nomination or re-nomination of its members in accordance with approved policies and standards, ensuring that no person previously convicted of a crime involving dishonesty is nominated.
3. Preparing a description of the required capabilities and qualifications for Board membership and executive management positions.
4. Determining the time commitment required from a member for the Board's activities.
5. Annually reviewing the necessary skills or expertise required for Board membership and executive management positions.
6. Reviewing the structure of the Board of Directors and executive management and providing recommendations regarding potential changes.
7. Annually verifying the independence of independent members and ensuring no conflicts of interest arise if a member serves on the board of another company.
8. Developing job descriptions for executive, non-executive, independent members, and senior executives.
9. Establishing procedures for addressing vacancies in Board or senior executive positions.
10. Identifying strengths and weaknesses in the Board of Directors and proposing solutions to address them in line with the company's interests.

#### **Article (54): Remuneration Policy**

Without prejudice to the provisions of the Companies Law, the Capital Market Law, and their implementing regulations, the remuneration policy must observe the following:

1. Alignment with the company's strategy and objectives.
2. Remunerations shall be designed to incentivize Board members and executive management to achieve the company's success and long-term growth, such as linking variable remuneration components to long-term performance.
3. Remunerations shall be determined based on the job level, duties, responsibilities, academic qualifications, practical experience, skills, and performance level.
4. Consistency with the company's size, nature, and risk profile.
5. Consideration of the practices of other companies in determining remunerations, while avoiding unjustified increases in remunerations and compensations.
6. Targeting the attraction, retention, and motivation of professional talent without exaggeration.
7. Conditions for suspending or reclaiming remuneration if it is found to have been awarded based on inaccurate information provided by a Board member or executive management, to prevent exploitation of positions for undeserved remunerations.
8. Regulating the granting of company shares to Board members and executive management, whether through new issuances or shares purchased by the company.

#### **Article (55): Meetings of the Nominations and Remuneration Committee**

The Nominations and Remuneration Committee shall convene periodically at least once a year and as needed.

#### **Article (56): Nomination Procedures**

When nominating Board members, the Nominations and Remuneration Committee shall adhere to the provisions of the Corporate Governance Regulation and the requirements set by the Authority.

#### **Article (57): Publication of Nomination Announcements**

The company shall publish nomination announcements on its website, the market's website, and any other means specified by the Authority to invite individuals interested in nominating themselves for Board membership. The nomination period shall remain open for at least one month from the date of the announcement.

#### **Article (58): Shareholder's Right to Nominate**

The provisions of this chapter shall not prejudice the right of any shareholder in the company to nominate themselves or others for Board membership in accordance with the provisions of the Companies Law and its implementing regulations.

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### **Part Five: Internal Control**

#### **Article (59): Internal Control System**

The Board of Directors shall approve an internal control system for the company to evaluate policies and procedures related to risk management, the implementation of the company's governance rules, and compliance with relevant laws and regulations. This system must ensure clear accountability standards at all executive levels within the company and that transactions with related parties are conducted in accordance with their specific provisions and controls.

#### **Article (60): Establishment of Independent Units or Departments**

a. To implement the approved internal control system, the company shall establish units or departments for risk assessment and management and internal audit. b. The company may engage external entities to perform the tasks and powers of the risk assessment and management and internal audit units or departments, without prejudice to the company's responsibility for those tasks and powers.

#### **Article (61): Tasks of the Internal Audit Unit or Department**

The internal audit unit or department shall be responsible for evaluating and overseeing the implementation of the internal control system and verifying the company's and its employees' compliance with applicable laws, regulations, instructions, and the company's policies and procedures.

#### **Article (62): Formation of the Internal Audit Unit or Department**

The internal audit unit or department shall consist of at least one internal auditor recommended for appointment by the Audit Committee and accountable to it. The formation and operation of the internal audit unit or department shall observe the following: a. Employees must possess competence, independence, and appropriate training and must not be assigned tasks that conflict with the objectives of internal auditing or compromise its independence. b. The unit or department

shall submit its reports to the Audit Committee, be linked to it, and be accountable to it. c. The remuneration of the head of the internal audit unit or department shall be determined based on the Audit Committee's proposal in accordance with the company's policies. d. The unit or department shall be granted unrestricted access to information, documents, and records.

#### **Article (63): Internal Audit Plan**

The internal audit unit or department shall operate according to a comprehensive audit plan approved by the Audit Committee, updated annually. Major activities and processes, including those related to risk management and compliance, must be reviewed at least annually.

#### **Article (64): Internal Audit Report**

a. The internal audit unit or department shall prepare a written report on its activities and submit it to the Board of Directors and the Audit Committee at least quarterly. This report must include an assessment of the company's internal control system, the unit or department's findings and recommendations, and a statement of the actions taken by each department to address the results and recommendations of previous audits, including any observations, particularly if issues were not addressed in a timely manner and the reasons for this. b. The internal audit unit or department shall prepare a general written report and submit it to the Board of Directors and the Audit Committee regarding the audit processes conducted during the financial year, comparing them to the approved plan. The report shall specify the reasons for any deviations or non-compliance with the plan, if any, within the quarter following the end of the relevant financial year. c. The Board of Directors shall determine the scope of the internal audit unit or department's report based on recommendations from the Audit Committee and the internal audit unit or department. The report shall specifically include the following:

1. Control and oversight procedures for financial affairs, investments, and risk management.
2. Assessment of the development of risk factors in the company and the systems in place to address significant or unexpected changes.
3. Evaluation of the Board of Directors' and senior management's performance in implementing the internal control system, including the number of times the Board was notified of control issues (including risk management) and how these issues were addressed.
4. Failures in implementing internal controls, weaknesses in their application, or emergencies that have affected or may affect the company's financial performance, and the actions taken by the company to address such failures (particularly issues disclosed in the company's annual reports and financial statements).
5. The company's compliance with internal control systems when identifying and managing risks.
6. Information describing the company's risk management processes.

#### **Article (65): Retention of Internal Audit Reports**

The company shall retain internal audit reports and working documents, clearly documenting what was accomplished, the findings and recommendations, and the actions taken in response.

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### **Part Six: Company Auditor**

**Article (66): Assignment of Audit Tasks**

The company shall assign the task of auditing its annual accounts to an auditor who is independent, competent, experienced, and qualified to prepare an objective and independent report for the Board of Directors and shareholders. The report shall indicate whether the company's financial statements clearly and fairly reflect its financial position and performance in material respects.

**Article (67): Appointment of the Auditor**

The ordinary general assembly shall appoint the company's auditor based on a nomination from the Board of Directors, with the following considerations:

1. The nomination shall be based on a recommendation from the Audit Committee.
2. The auditor must be licensed and meet the conditions set by the competent authority.
3. The auditor's interests must not conflict with those of the company.
4. The number of nominees shall not be fewer than two auditors.

**Article (68): Duties of the Auditor**

The auditor shall:

1. Exercise due care and honesty toward the company.
2. Notify the Authority if the Board of Directors fails to take appropriate action regarding suspicious matters raised by the auditor.
3. Request the Board of Directors to convene the ordinary general assembly if the Board hinders their work. The auditor shall be liable for compensating any damage incurred by the company, shareholders, or third parties due to errors in their performance. If multiple auditors are involved and share responsibility for the error, they shall be jointly liable.

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**Part Seven: Stakeholders****Article (69): Reporting Non-Compliant Practices**

Based on a proposal from the Audit Committee, the Board of Directors shall establish necessary policies or procedures for stakeholders to submit complaints or report non-compliant practices, with the following considerations:

1. Facilitating stakeholders (including company employees) to report to the Board of Directors any actions or practices by the executive management that violate applicable laws, regulations, or rules, or raise suspicions regarding financial statements, internal control systems, or other matters, whether directed at them or not, and conducting the necessary investigation.
2. Maintaining the confidentiality of reporting procedures by facilitating direct communication with an independent member of the Audit Committee or other relevant committees.
3. Assigning a qualified person to receive and handle stakeholders' complaints or reports.
4. Allocating a phone number or email address for receiving complaints.

5. Providing necessary protection for stakeholders.

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## **Part Eight: Professional and Ethical Standards**

### **Article (70): Professional Conduct Policy**

The Board of Directors shall establish a professional conduct and ethical values policy for the company, specifically observing the following:

1. Emphasizing that every Board member, executive management member, and employee must exercise due care and loyalty toward the company, taking all actions to safeguard the company's interests, promote its growth, and maximize its value, and never prioritizing personal interests over the company's interests under any circumstances.
2. Ensuring that a Board member represents all shareholders of the company and is committed to achieving the company's and shareholders' interests while considering the rights of other stakeholders, not merely the interests of the group that elected them.
3. Reinforcing the principle of Board members' and senior executives' compliance with all relevant laws, regulations, and instructions.
4. Preventing Board members or executive management from exploiting their positions for personal gain or for the benefit of others.
5. Emphasizing that the company's assets and resources are used solely to achieve its purposes and objectives and are not exploited for personal interests.
6. Establishing precise, robust, and clear rules governing the authority and timing of accessing the company's internal information to prevent Board members, executive management, or others from benefiting from or disclosing it to any person, except within the limits prescribed or permitted by regulation.

## **Part Nine: Disclosure and Transparency**

### **Article (71): Disclosure Policies and Procedures**

Without prejudice to the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules, the Board of Directors shall establish written disclosure policies, procedures, and supervisory systems in accordance with the disclosure requirements set forth in the Companies Law and the Capital Market Law, as applicable, and their implementing regulations, with the following considerations:

1. These policies shall include appropriate disclosure methods that enable shareholders and stakeholders to access financial and non-financial information related to the company, its performance, and share ownership, providing a comprehensive view of the company's status.
2. Disclosure to shareholders and investors shall be non-discriminatory, clear, accurate, non-misleading, timely, regular, and precise, enabling shareholders and stakeholders to fully exercise their rights.
3. The company's website shall include all information required to be disclosed, as well as any statements or information published through other disclosure channels.

4. Establishing reporting systems that identify the information to be disclosed and the method of classifying it based on its nature or disclosure frequency.
5. Periodically reviewing disclosure policies to ensure compliance with best practices and the provisions of the Capital Market Law and its implementing regulations.

#### **Article (72): Board of Directors' Report**

The Board of Directors' report shall provide an overview of its operations during the last financial year and all factors affecting the company's operations. The report must include the following:

1. The provisions of this regulation that were applied, those that were not applied, and the reasons for non-application.
2. Names of Board members, committee members, and executive management, along with their current and previous positions, qualifications, and experience.
3. Names of companies inside or outside the Kingdom in which a Board member serves or has served on their boards or as a manager.
4. Composition of the Board of Directors and classification of its members as follows: executive Board member, non-executive Board member, independent Board member.
5. Procedures taken by the Board to inform its members, particularly non-executive members, of shareholders' proposals and observations regarding the company and its performance.
6. A brief description of the mandates and tasks of committees, such as the Audit Committee and the Nominations and Remuneration Committee, including the names of the committees, their chairpersons, members, the number of meetings, dates of meetings, and attendance records for each meeting.
7. Where applicable, the methods used by the Board to evaluate its performance, the performance of its committees, and its members, and the external entity that conducted the evaluation and its relationship with the company, if any.
8. Disclosure of remunerations for Board members and executive management as stipulated in Article (75) of this regulation.
9. Any penalties, sanctions, precautionary measures, or restrictions imposed on the company by the Authority or any supervisory, regulatory, or judicial entity, with details of the reasons for the violation, the issuing entity, and measures to remedy and prevent future occurrences.
10. Results of the annual review of the effectiveness of the company's internal control procedures, along with the Audit Committee's opinion on the adequacy of the company's internal control system.
11. The Audit Committee's recommendation to appoint an internal auditor, if such a recommendation was made during the last financial year.
12. Audit Committee recommendations that conflict with Board decisions or that the Board refused to adopt regarding the appointment, dismissal, fee determination, performance evaluation of the external auditor, or the appointment of the internal auditor, along with the justifications for those recommendations and the reasons for not adopting them.
13. Details of the company's social contributions, if any.

14. Dates of general assemblies held during the last financial year and the names of Board members who attended them.
15. Description of the main activities of the company and its subsidiaries. If two or more activities are described, a statement must be attached detailing each activity, its impact on the company's operations, and its contribution to results.
16. Description of the company's significant plans and decisions (including structural changes, business expansion, or cessation of operations) and future expectations for the company's operations.
17. Information related to risks facing the company (whether operational, financial, or market risks) and the policy for managing and monitoring these risks.
18. A summary in the form of a table or chart of the company's assets, liabilities, and business results for the last five financial years or since its establishment, whichever is shorter.
19. Geographical analysis of the total revenues of the company and its subsidiaries.
20. Explanation of any material differences in operational results compared to the previous year's results or any forecasts announced by the company.
21. Explanation of any deviations from the accounting standards approved by the Saudi Organization for Auditors and Accountants.
22. Name of each subsidiary, its capital, the company's ownership percentage, its main activity, the country of its main operations, and the country of its establishment.
23. Details of shares and debt instruments issued by each subsidiary.
24. Description of the company's dividend distribution policy.
25. Description of any interest in voting-eligible shares held by persons (other than Board members, senior executives, and their relatives) who notified the company of such rights under Article (85) of the Rules on the Offer of Securities and Continuing Obligations, and any changes in those rights during the last financial year.
26. Description of any interests, contractual securities, or subscription rights held by Board members, senior executives, and their relatives in the shares or debt instruments of the company or its subsidiaries, and any changes in those interests or rights during the last financial year.
27. Information related to any loans on the company (whether due on demand or otherwise), a statement of the total indebtedness of the company and its subsidiaries, any amounts paid by the company to settle loans during the year, the principal loan amount, the name of the lender, the loan duration, and the remaining amount. If there are no loans, the company must provide a declaration to that effect.
28. Description of classes and numbers of any convertible debt instruments, contractual securities, subscription right warrants, or similar rights issued or granted by the company during the financial year, with an explanation of any compensation received by the company in return.

29. Description of any conversion or subscription rights under convertible debt instruments, contractual securities, subscription right warrants, or similar rights issued or granted by the company.
30. Description of any redemption, purchase, or cancellation by the company of any redeemable debt instruments, the value of remaining securities, distinguishing between listed securities purchased by the company and those purchased by its subsidiaries.
31. Number of Board meetings held during the last financial year, their dates, and the attendance record for each meeting, specifying the names of attendees.
32. Number of the company's requests for the shareholders' register, the dates of those requests, and their reasons.
33. Description of any transactions between the company and a related party.
34. Information related to any business or contracts in which the company is a party and in which a Board member, senior executive, or any person related to them has or had an interest, including the names of the involved parties, the nature, terms, duration, and amount of the business or contract. If no such business or contracts exist, the company must provide a declaration to that effect.
35. Statement of any arrangements or agreements under which a Board member or senior executive waived any remuneration.
36. Statement of any arrangements or agreements under which a shareholder of the company waived any dividend rights.
37. Statement of the value of statutory payments made and outstanding for zakat, taxes, fees, or other dues not paid until the end of the annual financial period, with a brief description and reasons.
38. Statement of the value of any investments or reserves established for the benefit of the company's employees.
39. Declarations stating the following: a. The accounting records were prepared correctly. b. The internal control system was established on sound foundations and implemented effectively. c. There is no significant doubt regarding the company's ability to continue its operations.
40. If the auditor's report contains qualifications on the annual financial statements, the Board's report must clarify those qualifications, their reasons, and any related information.
41. If the Board recommends changing the auditor before the end of their appointed term, the report must include this recommendation and the reasons for it.
42. Information related to any competitive activities with the company or any of its business segments undertaken or previously undertaken by any Board member, including the names of the involved parties, the nature and terms of these activities. If no such activities exist, the company must provide a declaration to that effect.

#### **Article (73): Audit Committee Report**

- a. The Audit Committee's report must include details of its performance of the mandates and tasks stipulated in this regulation, including its recommendations and opinion on the adequacy of the



company's internal and financial control systems and risk management. b. The Board of Directors must deposit sufficient copies of the Audit Committee's report at the company's head office and publish it on the company's and the market's websites when the invitation to convene the general assembly is published, enabling shareholders who wish to obtain a copy. A summary of the report shall be read during the general assembly.

#### **Article (74): Disclosure by Board Members**

The Board of Directors shall organize the disclosure processes for each of its members and executive management members, with the following considerations:

1. Maintaining a dedicated register of disclosures by Board members and executive management, updated periodically in accordance with the disclosure requirements under the Companies Law, the Capital Market Law, and their implementing regulations.
2. Allowing shareholders to access the register free of charge.

#### **Article (75): Disclosure of Remunerations**

##### **a. The Board of Directors shall comply with the following:**

1. Disclosing the remuneration policy and the method for determining the remunerations of Board members and executive management.
2. Accurately, transparently, and in detail disclosing in the Board's report the remunerations granted to Board members and executive management, whether directly or indirectly, without concealment or misrepresentation, whether in the form of amounts, benefits, or privileges, regardless of their nature or name. If the benefits are company shares, the recorded value of the shares shall be their market value at the maturity date.
3. Clarifying the relationship between the awarded remunerations and the applicable remuneration policy, and stating any material deviation from this policy.
4. Providing necessary details regarding the remunerations and compensations paid to each of the following individually: a. Board members. b. The five senior executives who received the highest remunerations from the company, including the Chief Executive Officer and the Chief Financial Officer (pursuant to Capital Market Authority Resolution No. 1-35-2018, this disclosure shall be in aggregate). c. Committee members.

**b. The disclosure referred to in this article shall be included in the Board of Directors' report and in accordance with the attached tables.**

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### **Part Ten: Application of Corporate Governance**

#### **Article (76): Effective Governance Implementation**

The Board of Directors shall establish corporate governance rules specific to the company that do not conflict with the mandatory provisions of this regulation. The Board shall monitor their implementation, verify their effectiveness, and amend them as needed. To this end, the Board shall:

1. Verify the company's compliance with these rules.
2. Review and update the rules in accordance with regulatory requirements and best practices.

3. Review and develop professional conduct rules that reflect the company's values and other internal policies and procedures to meet the company's needs and align with best practices.
  4. Continuously inform Board members of developments in corporate governance and best practices or delegate this task to the Audit Committee or another committee or department.
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## **Part Eleven: Document Retention**

### **Article (77): Document Retention**

The company shall retain all minutes, documents, reports, and other records required to be kept under this regulation at its head office for a period of no less than ten years, including the Board of Directors' report and the Audit Committee's report. Without prejudice to this period, in the event of a lawsuit (including any ongoing or threatened lawsuit), claim, or ongoing investigation related to such minutes, documents, reports, or records, the company shall retain them until the lawsuit, claim, or investigation is concluded.

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## **Part Twelve: Concluding Provisions**

### **Article (78): Provision of Additional Information and Data**

The Authority may request the company to provide any additional information or data it deems necessary to verify compliance with the provisions of this regulation.

### **Article (79): Publication and Enforcement**

This regulation shall take effect in accordance with the resolution approving it.

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**"Amendments to the Corporate Governance Regulations of Banan Real Estate Company –**

**Before and After"**

Before	After
<p><b>Article (16): Appointment of Board Members</b></p> <p>a. The company's Articles of Association shall determine the number of Board members, provided that it is not less than three.</p> <p>b. The General Assembly shall elect the Board members for the term specified in the Articles of Association, provided it does not exceed four years. Re-election is permitted unless otherwise stipulated in the Articles of Association.</p> <p>c. A Board member may not hold membership in the boards of directors of more than five listed joint stock companies at the same time.</p> <p>d. The company must notify the Authority of the names of the Board members and the nature of their membership within five working days from the start date of the Board term or from the date of their appointment — whichever is earlier — as well as of any changes to their membership within five working days from the date such changes occur.</p>	<p><b>Article (16): Appointment, Termination, and Cessation of Board Membership</b></p> <p>a. The company's Articles of Association shall determine the number of Board members, provided that it shall not be less than three.</p> <p>b. The General Assembly shall elect the Board members for the term specified in the Articles of Association, provided that it does not exceed four years. Re-election is permitted unless otherwise stipulated in the Articles of Association.</p> <p>c. A Board member may not hold membership in the boards of directors of more than five listed joint stock companies simultaneously.</p> <p>d. The company must notify the Authority of the names of the Board members and the nature of their membership within five (5) working days from the start date of the Board term or from the date of their appointment — whichever comes first — and of any changes in membership within five (5) working days from the date of the change.</p> <p>e. Board membership shall expire upon the end of the term or upon the expiry of the member's eligibility under any applicable laws or regulations in the Kingdom. The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of any member who is absent from three (3) consecutive meetings or five (5) separate meetings during their term without a legitimate excuse acceptable to the Board.</p> <p>f. Notwithstanding the foregoing, the Ordinary General Assembly may dismiss all or some Board members. In such case, the Assembly shall elect a new Board or appoint replacements as necessary in accordance with the provisions of the Companies Law.</p> <p>g. The Board of Directors must call the Ordinary General Assembly to convene sufficiently before the end of its term to elect a new Board. If the election cannot be held and the term expires, the current members shall continue to perform their duties until a new Board is elected, provided that such continuation does not exceed the period specified by the regulations.</p>

	<p>h. If the Chairman and members of the Board resign, they must call the Ordinary General Assembly to convene to elect a new Board. The resignation shall not be effective until a new Board is elected, and the continuation of the resigned Board shall not exceed the period specified by the regulations.</p> <p>i. A Board member may resign by submitting a written notice to the Chairman. If the Chairman resigns, the notice shall be addressed to the remaining Board members and the Board Secretary. In both cases, the resignation shall be effective from the date specified in the notice.</p> <p>j. If a Board seat becomes vacant due to death or resignation, and the vacancy does not violate the quorum requirements stipulated in the law or the company's Articles of Association, the Board may appoint a temporary replacement who possesses the necessary experience and qualifications. The Commercial Register and the Authority must be notified within fifteen (15) days of the appointment, and the appointment must be presented to the Ordinary General Assembly at its next meeting. The new member shall complete the remaining term of their predecessor.</p> <p>k. If the quorum of the Board becomes invalid due to vacancies reducing the number of members below the minimum required by law or the company's Articles of Association, the remaining members must call the Ordinary General Assembly to convene within sixty (60) days to elect the required number of members.</p> <p>l. A resignation decision shall be effective from the date of notification to the Chairman of the Board or at any other time mutually agreed upon. If the resigning member has any remarks regarding the company's performance, they must submit a written statement to the Chairman, and such statement shall be presented to the Board members.</p>
<p><b>Article (37), Paragraph (c): Avoidance of Conflict of Interest</b></p> <p>(c) A member of the Board of Directors may not — without authorization from the General Assembly, to be renewed annually — have any direct or indirect interest in the business and contracts executed for the company's account. The Board member must disclose to the Board any personal interest they may have in the business and contracts executed</p>	<p><b>Article (37), Paragraph (c): Avoidance of Conflict of Interest</b></p> <p>(c) A member of the Board of Directors may not — without authorization from the General Assembly — have any interest, whether direct or indirect, in the business and contracts executed for the company's account. The Board member must disclose to the Board any personal interest they may have in such business or contracts, and this disclosure must be recorded in the minutes of the meeting. The interested member shall not participate in the voting on</p>

<p>for the company's account, and such disclosure shall be recorded in the minutes of the meeting. The interested Board member shall not participate in the voting on the resolution issued in this regard, whether in the General Assembly or in the Board of Directors' meeting. The Chairman of the Board shall notify the General Assembly, upon its convening, of any business or contracts in which a Board member has a personal interest, and such notification shall be accompanied by a special report from the external auditor.</p>	<p>the resolution related to the matter, whether in the General Assembly or the Board of Directors' meeting. The Chairman of the Board shall inform the General Assembly, upon its convening, of any business or contracts in which a Board member has a personal interest, and this disclosure must be accompanied by a special report from the external auditor.</p>
<p><b>Article (39), Paragraph (2): Regulation of Competition with the Company :</b></p> <p>2. A member of the Board of Directors may not — without authorization from the Ordinary General Assembly, to be renewed annually — engage in any activity that would compete with the company. Otherwise, the company shall have the right to claim compensation from the member or to consider the operations conducted by the member for their own account as having been carried out on behalf of the company.</p>	<p><b>Article (39), Paragraph (2): Regulation of Competition with the Company:</b></p> <p>2. A member of the Board of Directors may not — without authorization from the Ordinary General Assembly— engage in any activity that may compete with the company. Otherwise, the company shall have the right to claim compensation from the member or to consider the operations conducted by the member for their own account as having been carried out on behalf of the company.</p>

## Amendments to the Board of Directors' Charter of Banan Real Estate Company: Before and After

Before	After
<p><b>Article (1): Purpose</b> In accordance with Article 34(a) of the Corporate Governance Regulations, the Board of Directors shall establish an internal policy that outlines work procedures. This policy aims to encourage Board members to work effectively and fulfill their duties toward the company. It also seeks to organize the operations of the Board by defining the manner in which it exercises its roles and responsibilities, specifying the functions and duties of each member, and setting the work mechanisms in accordance with the Companies Law and the regulatory rules and procedures issued by the Capital Market Authority.</p>	<p><b>Article (1): Purpose</b> In line with Article 34(c) of the Corporate Governance Regulations, the Board of Directors shall establish an internal policy that outlines work procedures. This policy aims to encourage the Board members to work effectively and to fulfill their duties toward the Company. It also seeks to organize the operations of the Board by defining the manner in which it carries out its roles and responsibilities, specifying the functions and duties of each member, and setting the work mechanisms in accordance with the Companies Law and the regulatory rules and procedures issued by the Capital Market Authority.</p>
<p><b>Article (3), Paragraph (15):</b> To notify the Ordinary General Assembly, upon its convening, of any business and contracts in which a Board member has a direct or indirect interest. Such notification must include the information provided by the member to the Board of Directors in accordance with Paragraph (14) of Article (26) of the Corporate Governance Regulations issued by the Capital Market Authority. The notification must be accompanied by a special report from the company's external auditor.</p>	<p><b>Article (3), Paragraph (15):</b> To notify the Ordinary General Assembly, upon its convening, of any business and contracts in which a Board member has a direct or indirect interest. This notification must include the information provided by the member to the Board of Directors in accordance with Paragraph (14) of Article (28) of the Corporate Governance Regulations issued by the Capital Market Authority, and must be accompanied by a special report from the Company's external auditor.</p>
<p><b>Article (10), Paragraph (W):</b> A member of the Board of Directors may authorize another member to attend Board meetings on their behalf, in accordance with the conditions stipulated in Article (23) of the Company's Articles of Association, which are:</p> <ol style="list-style-type: none"> <li>1. A Board member may not act as a proxy for more than one member at the same meeting.</li> </ol>	<p><b>Article (10), Paragraph (W):</b> A Board member may authorize another member to attend Board meetings on their behalf in accordance with the conditions stipulated in Article (26) of the Company's Articles of Association, which are as follows:</p> <ol style="list-style-type: none"> <li>1. A Board member may not act as a proxy for more than one member at the same meeting.</li> </ol>

<ol style="list-style-type: none"> <li>2. The authorization must be in writing.</li> <li>3. The proxy may not vote on resolutions for which the principal member is prohibited from voting under the applicable regulations.</li> </ol>	<ol style="list-style-type: none"> <li>2. The authorization must be in writing.</li> <li>3. The proxy may not vote on resolutions for which the principal member is prohibited from voting under the applicable regulations.</li> </ol>
<p><b>Article (18): Term of the Board</b></p> <p>The Board's term shall commence from the date of its formation by the Company's General Assembly and shall end upon the completion of its term — three Gregorian years, which constitute the Board's work cycle. Reappointment for a new term is permissible.</p>	<p><b>Article (18): Term of the Board</b></p> <p>The Board's term shall commence from the date of its formation by the Company's General Assembly and shall end upon the completion of its term. Reappointment for a new term is permissible.</p>
<p><b>Article (19): Composition of the Board of Directors</b></p> <p>The composition of the Board of Directors shall observe the following:</p> <ol style="list-style-type: none"> <li>1. The number of its members shall be appropriate to the size of the Company and the nature of its activities, without prejudice to Paragraph (A) of Article (16) of these Regulations.</li> <li>2. The majority of its members shall be non-executive directors.</li> <li>3. The number of independent directors shall not be less than two members or one-third of the Board, whichever is greater.</li> </ol>	<p><b>Article (19): Composition of the Board of Directors</b></p> <p>The composition of the Board of Directors shall observe the following:</p> <ol style="list-style-type: none"> <li>1. The number of its members must be appropriate to the size of the Company and the nature of its activities, without prejudice to Paragraph (A) of Article (20) of these Regulations.</li> <li>2. The majority of its members must be non-executive directors.</li> <li>3. The number of independent directors must not be less than two members or one-third of the Board members, whichever is greater.</li> </ol>
<p><b>Article (23): Termination of Board Membership</b></p> <ol style="list-style-type: none"> <li>1. A Board member's term shall end upon the expiration of their tenure or upon the expiration of their eligibility pursuant to any applicable laws or regulations in the Kingdom. The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of a director who is absent for three consecutive</li> </ol>	<p><b>Article (23): Expiration of the Board of Directors' Term or Resignation of its Members</b></p> <ol style="list-style-type: none"> <li>a. A Board member's term shall expire either upon the completion of the Board's term or upon the termination of the member's eligibility under any applicable laws or regulations in the Kingdom. The General Assembly may — based on a recommendation from the Board of Directors — terminate the membership of a Board member who is absent from three</li> </ol>

<p>meetings or five non-consecutive meetings during their term without a legitimate excuse acceptable to the Board.</p> <p>2. Nevertheless, the Ordinary General Assembly may dismiss all or some of the Board members. In such a case, the Ordinary General Assembly must elect a new Board of Directors or appoint a replacement for the dismissed member, as appropriate, in accordance with the provisions of the Companies Law.</p> <p>3. A Board member may resign from the Board by submitting a written notice addressed to the Chairman of the Board. If the Chairman resigns, the notice must be addressed to the remaining Board members and the Board Secretary. In either case, the resignation shall become effective on the date specified in the notice.</p> <p>4. Based on the recommendation of the Board of Directors, a member's membership may be terminated if they are absent for three consecutive Board meetings without an excuse accepted by the Board.</p> <p>5. Upon the end of the Board's term, a new Board shall be constituted, and the Board members shall be elected by the General Assembly following the same procedure.</p>	<p>consecutive meetings or five non-consecutive meetings during their term without a legitimate excuse acceptable to the Board.</p> <p>b. Nevertheless, the Ordinary General Assembly may dismiss all or some of the Board members. In such a case, the Ordinary General Assembly must elect a new Board of Directors or appoint a replacement for the dismissed member, as applicable, in accordance with the provisions of the Companies Law.</p> <p>c. The Board of Directors must call for the convening of the Ordinary General Assembly sufficiently before the expiration of its term to elect a new Board of Directors for the next term. If the election cannot be conducted and the term of the current Board expires, the members shall continue to perform their duties until a new Board is elected, provided that the continuation period does not exceed the duration specified in the applicable regulations.</p> <p>d. If the Chairman and members of the Board of Directors resign, they must call for the convening of the Ordinary General Assembly to elect a new Board of Directors. The resignation shall not become effective until the new Board is elected, provided that the period of continuation by the resigning Board does not exceed the duration specified in the applicable regulations.</p> <p>e. A Board member may resign by submitting a written notice addressed to the Chairman of the Board. If the Chairman resigns, the notice must be addressed to the other Board members and the Board Secretary. In both cases, the resignation shall become effective on the date specified in the notice.</p>
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**Article (24): Vacancy of a Board Member's Position**

- a. If a Board member's position becomes vacant during their term due to resignation, dismissal, or other reasons (such as death, criminal conviction, incapacity, bankruptcy, etc.), the Board may appoint a replacement based on a recommendation from the Nomination and Remuneration Committee. The appointment shall be considered a temporary appointment, and it must be presented to the next Ordinary General Assembly meeting for approval. The newly appointed member shall complete the remainder of the predecessor's term.
- b. A resignation decision shall become effective as of the date the Chairman of the Board is notified of the resignation, or at any other agreed-upon date. If the resigning Board member has any remarks regarding the Company's performance, they must submit a written statement to the Chairman of the Board, and this statement must be presented to the Board members.

**Article (24): Vacancy of a Board Member's Position**

- (a) If a Board member's position becomes vacant due to death or resignation, and such vacancy does not affect the validity of the Board's meetings by reducing the number of its members below the minimum required under the Law or the Company's Articles of Association, the Board may temporarily appoint a qualified and experienced person to fill the vacant position. The Commercial Register and the Capital Market Authority must be notified within fifteen (15) days from the date of the appointment, and the appointment must be presented to the Ordinary General Assembly at its first meeting. The appointed member shall complete the term of their predecessor.
- (b) If the conditions necessary for the validity of the Board's meetings are not met due to the number of its members falling below the minimum required under the Law or the Company's Articles of Association, the remaining members must call for the convening of the Ordinary General Assembly within sixty (60) days to elect the required number of members.
- (c) A resignation decision shall become effective from the date the Chairman of the Board is notified of the resignation, or at any other agreed-upon date. If the resigning Board member has any comments on the Company's performance, they must submit a written statement to the Chairman of the Board, and such statement must be presented to the Board members.



Board of Directors' Charter

Banan Real Estate Company

.Approved during the Board of Directors' meeting held on ..... (G)

## Board of Directors' Charter

### Banan Real Estate Company

#### **Article (1): Purpose**

In line with Article 34(c) of the Corporate Governance Regulations, the Board of Directors shall establish an internal policy that defines work procedures. This policy aims to encourage Board members to perform their duties effectively and loyally toward the Company. It also seeks to regulate the operations of the Board by clarifying the manner in which it exercises its duties and responsibilities, defining the roles and tasks of each member, and establishing operational mechanisms in accordance with the Companies Law and the regulatory rules and procedures issued by the Capital Market Authority.

#### **Article (2): Responsibilities and Authorities of the Board of Directors**

- a. The Board of Directors represents all shareholders and must act with duty of care and loyalty in managing the Company to safeguard, develop, and maximize its value.
- b. The Board bears overall responsibility for the Company's operations, even if it delegates certain functions to committees, entities, or individuals. In all cases, the Board shall not issue a general or unlimited delegation of authority

#### **Article (3): Core Functions of the Board of Directors**

Subject to the powers granted to the General Assembly under the Companies Law, its Implementing Regulations, and the Company's Articles of Association, the Board of Directors shall have the broadest powers to manage and direct the Company's business in pursuit of its objectives, including the following duties and responsibilities:

Establishing plans, policies, strategies, and primary objectives of the Company; supervising their implementation and periodically reviewing them; and ensuring the availability of required financial and human resources. This includes:

- a. Setting the overall Company strategy, major operational plans, and risk management policies and procedures, and reviewing and directing them
- b. Defining the Company's optimal capital structure, financial strategies, and objectives, and approving all types of budgets.

- c. Overseeing the Company's major capital expenditures, asset acquisitions, and disposals.
- d. Setting performance objectives and monitoring execution and overall performance.
- e. Periodically reviewing and approving the Company's organizational and functional structures
- f. Ensuring that sufficient human and financial resources are available to achieve the Company's objectives and major plans.

**2) Establish internal control systems and procedures and provide general oversight thereof, including:**

- a. Establishing a written policy to address actual and potential conflicts of interest for Board members, executive management, and shareholders, including misuse of the Company's assets and facilities and misconduct arising from related party transactions
  - b. Ensuring the integrity of financial and accounting systems, including those related to the preparation of financial reports.
  - c. Ensuring the implementation of appropriate control systems to measure and manage risks by developing a comprehensive risk framework for the Company, fostering a risk management culture at all levels, and transparently disclosing risks to stakeholders and related parties.
  - d. Conducting an annual review of the effectiveness of the Company's internal control procedures.
- 3) Develop clear and specific policies, standards, and procedures for Board membership — without conflicting with the mandatory provisions of these Regulations — and implement them after obtaining General Assembly approval.
- 4) Establish a written policy regulating the relationship with stakeholders in accordance with the Corporate Governance Regulations issued by the Capital Market Authority.
- 5) Develop policies and procedures to ensure the Company's compliance with applicable laws and regulations, its adherence to disclosure obligations concerning material information to shareholders and stakeholders, and monitor executive management's compliance with these policies.
- 6) Oversee the Company's financial management, cash flow, and financial and credit relationships with third parties.

- 7) Submit recommendations to the Extraordinary General Assembly regarding the following:
  - a. Increasing or decreasing the Company's share capital.
  - b. Dissolving the Company before the expiry of its duration as specified in the Articles of Association or deciding on its continuation.
- 8) Submit recommendations to the Ordinary General Assembly regarding the following
  - a. Utilization of Company reserves if they are not allocated for specific purposes in the Articles of Association
  - b. Formation of additional financial reserves or provisions for the Company.
  - c. Method of distributing the Company's net profits
- 9) Prepare and approve the interim and annual financial statements of the Company prior to their publication.
- 10) Prepare and approve the Board of Directors' report before its publication.
- 11) Ensure the accuracy and integrity of the data and information disclosed in accordance with applicable disclosure and transparency policies and systems.
- 12) Establish effective communication channels that allow shareholders to be regularly and continually informed about various Company activities and any material developments.
- 13) Form specialized committees by Board resolutions that specify the committee's term, powers, responsibilities, and oversight mechanisms, including the appointment of members, definition of their duties, rights, and obligations, and the evaluation of the committees' and members' performance.
- 14) Determine the types of remuneration granted to Company employees, such as fixed remuneration, performance-linked incentives, and share-based compensation, in a manner consistent with the Implementing Regulations of the Companies Law applicable to listed joint-stock companies.
- 15) Notify the Ordinary General Assembly during its meeting of any business or contracts in which a Board member has a direct or indirect interest. Such notification must include the information provided by the member to the Board in accordance with Paragraph (14) of Article (28) of the Corporate

Governance Regulations issued by the Capital Market Authority, and must be accompanied by a special report prepared by the Company's external auditor.

16) Establish the values and standards that govern the Company's operations.

**17) The Board must develop clear and written policies and procedures to regulate the relationship with stakeholders to protect and safeguard their rights, including, in particular:**

- a. Mechanisms for compensating stakeholders in case their rights recognized by law or protected by contracts are violated.
- b. Procedures for resolving complaints or disputes between the Company and stakeholders.
- c. Ways to build good relationships with customers and suppliers and maintain the confidentiality of information related to them.
- d. Codes of professional conduct for directors and employees that align with sound professional and ethical standards and regulate the relationship between them and stakeholders, along with mechanisms for monitoring compliance.
- e. Ensuring that dealings with Board members and related parties are conducted according to the same conditions applied to stakeholders without preferential treatment.
- f. Ensuring that stakeholders have access to relevant information about their activities in a manner that enables them to perform their duties properly, with such information being accurate, sufficient, timely, and regular.

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**Article (4): Distribution of Authorities and Responsibilities**

The organizational structure of the Company shall define the distribution of authorities and responsibilities between the Board of Directors and the Executive Management in accordance with best corporate governance practices, enhancing decision-making efficiency and maintaining a balance of powers and authorities. To this end, the Board shall:

1. Approve and develop internal policies governing Company operations, including defining the tasks, authorities, and responsibilities assigned to various organizational levels.
  2. Approve a detailed written policy outlining the authorities delegated to Executive Management, including a schedule of such authorities, the method of implementation, and the duration of delegation. The Board may require Executive Management to submit periodic reports regarding the exercise of the delegated authorities.
  3. Define the matters that remain reserved for the exclusive decision-making authority of the Board.
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#### **Article (5): Separation of Positions**

- A. Subject to the provisions of the Company's Articles of Association, the Board shall appoint a Chairman and a Vice Chairman from among its members and may also appoint a Managing Director or a Chief Executive Officer (CEO) from among them.
- b. It is prohibited to combine the position of Chairman of the Board with any executive position within the Company including the Managing Director, CEO, or General Manager even if otherwise permitted by the Articles of Association.
- c. If not specified in the Articles of Association, the Board shall clearly and explicitly define the responsibilities and authorities of the Chairman, the Vice Chairman, the Managing Director, and the CEO in writing.
- d. Under no circumstances shall any individual be vested with absolute authority to make decisions within
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#### **Article (6): Supervision of Executive Management**

The Board of Directors shall form and organize the Executive Management of the Company, supervise its operations, and ensure that it performs the tasks assigned to it. To this end, the Board shall:

1. Develop the necessary administrative and financial policies.

2. Ensure that Executive Management operates in accordance with the policies approved by the Board.
3. Select, appoint, and supervise the Company's Chief Executive Officer (CEO).
4. Appoint, dismiss, and determine the remuneration of the Head or Manager of the Internal Audit Department or the Internal Auditor.
5. Hold regular meetings with Executive Management to review work progress, address obstacles and challenges, and discuss critical matters concerning the Company's operations.
6. Set performance standards for Executive Management in alignment with the Company's objectives and strategy.
7. Review and evaluate the performance of Executive Management.
8. Develop succession plans for leadership positions within the Company.

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#### **Article (7): Duties and Responsibilities of the Chairman of the Board**

Without prejudice to the powers of the Board of Directors, the Chairman shall lead the Board and oversee the performance of its duties effectively. The Chairman shall be capable of overseeing the Company's general affairs, ensuring that the Board maintains control over Company matters and is fully aware of its obligations towards the shareholders. The Chairman must possess leadership qualities that enable him to perform his role effectively and gain the confidence and respect of Board members, management, and shareholders. The Chairman's specific duties include:

1. Ensuring that Board members receive complete, clear, accurate, and non-misleading information in a timely manner.
2. Ensuring that the Board discusses all critical matters effectively and in a timely manner.
3. Representing the Company before third parties in accordance with the Companies Law, its Implementing Regulations, and the Company's Articles of Association.
4. Encouraging Board members to effectively perform their duties in the best interests of the Company.



5. Ensuring the existence of effective communication channels with shareholders and conveying their opinions to the Board.
6. Promoting constructive relationships and effective participation between the Board, Executive Management, and among executive, non-executive, and independent members, fostering a culture of constructive dialogue.
7. Directing the preparation of the agenda for Board meetings, taking into consideration any matters raised by Board members or the auditor, and consulting with the CEO and Board members when preparing the agenda.
8. Overseeing the issuance of invitations for Board meetings and ensuring the achievement of a quorum.
9. Ensuring that Board decisions are properly communicated to management and that related matters are appropriately followed up.
10. Ensuring that Board members receive the necessary information prior to meetings to enable effective and objective discussions.
11. Ensuring that meeting minutes are recorded and reviewed.
12. Holding periodic meetings with non-executive Board members without the presence of executive members.
13. Supervising the meetings of the Board's sub-committees and nominating suitable candidates for their membership.
14. Developing a clear strategic vision for the Company.
15. Performing all tasks and exercising all powers stipulated in the Company's Articles of Association under Article (21).
16. Guiding the Board in the development of the Company's strategy.
17. Ensuring the alignment of the Company's activities and achievements with the established strategy.

18. Ensuring that the CEO possesses the necessary qualifications, capabilities, and competencies to effectively manage the Company.

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#### **Article (8): Duties and Responsibilities of Board Members**

Each member of the Board of Directors shall perform the following duties and responsibilities:

1. Propose recommendations for the development of the Company's strategy.
2. Monitor Executive Management's performance and the extent to which the Company's objectives and purposes are achieved.
3. Review reports related to the Company's performance.
4. Ensure the soundness and integrity of the Company's financial statements and information.
5. Ensure the adequacy of financial controls and risk management systems within the Company.
6. Determine appropriate levels of compensation for Executive Management members.
7. Provide opinions on the appointment and dismissal of Executive Management members.
8. Participate in developing succession and replacement plans for executive roles.
9. Fully comply with the Companies Law, the Capital Market Law, their Implementing Regulations, and the Articles of Association when exercising Board duties, and refrain from any actions detrimental to the Company.
10. Attend Board and General Assembly meetings and avoid absence except with a valid excuse notified in advance to the Chairman, or in case of emergencies.
11. Allocate sufficient time to fulfill responsibilities, prepare for Board and committee meetings, and actively participate, including asking relevant questions and discussing matters with senior executives.
12. Study and analyze information related to matters under Board consideration before expressing opinions.

13. Enable other Board members to freely express their views and encourage deliberation and consultation with executive management or external experts when necessary.
14. Immediately and fully disclose any direct or indirect interest in the Company's transactions, specifying the nature and extent of such interest and the identities of related parties, and abstain from voting on related decisions.
15. Immediately and fully disclose any participation in activities competing with the Company, either directly or indirectly.
16. Maintain the confidentiality of any information obtained through Board membership unless disclosure is required during General Assembly meetings or under applicable laws and regulations.
17. Act with full knowledge, good faith, due care, and diligence in the best interest of the Company and all shareholders.
18. Be aware of the duties, roles, and responsibilities arising from Board membership.
19. Enhance personal knowledge in the Company's business, financial, commercial, and industrial fields.
20. Resign from the Board if unable to fulfill responsibilities effectively.

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#### **Article (9): Duties of Independent Directors**

Subject to Article (8) herein, Independent Directors shall actively participate in performing the following duties:

1. Provide independent opinions on strategic matters, Company policies, performance, and executive appointments.
2. Ensure that the interests of the Company and its shareholders are prioritized in cases of conflicts of interest.
3. Supervise the development and implementation of the Company's governance framework by Executive Management.

## Article (10): Board Meetings

- a. In accordance with the Companies Law and its Implementing Regulations, the Board shall hold regular meetings to effectively perform its duties, and shall also convene as needed.
- b. The Board shall convene at least four (4) times annually, at a minimum of once every three (3) months.
- c. The Chairman shall preside over Board meetings; in their absence, the Vice Chairman shall preside.
- d. The Board shall meet based on an invitation from the Chairman or upon the request of any Board member. The invitation, along with the agenda and necessary documents, must be sent to all members at least five (5) days before the meeting date unless urgent circumstances require a shorter notice period.
- e. A quorum for a Board meeting shall be valid with the attendance (in person or by proxy) of at least half of the members, provided no fewer than three (3) members are present.
- f. A Board member may delegate another member to attend meetings on their behalf subject to the conditions stipulated in Article (26) of the Company's Articles of Association, which include:
  - A member may not represent more than one other member at a meeting.
  - The delegation must be in writing.
  - The proxy may not vote on decisions in which the principal is prohibited from voting.
- g. In certain circumstances, Board resolutions may be issued by circulation (e.g., fax, telegram, or modern communication technologies) unless any member requests in writing that the matter be discussed. Resolutions issued by circulation must be presented at the next Board meeting for formal recording in the minutes.
- h. Board resolutions shall be adopted by a majority vote of the attending members (in person or by proxy). In case of a tie, the Chairman (or the acting Chairman) shall have the casting vote.

## Article (11): Board Deliberations

The deliberations and resolutions of the Board shall be recorded in minutes signed by the Chairman, the attending members, and the Board Secretary. These minutes shall be entered into a dedicated and organized register, signed by the Chairman and the Secretary.

Modern technological means may also be used to document and sign the minutes, in accordance with the regulations established by the competent authority.

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#### **Article (12): Observations by Board Members**

- a. If any Board member has observations regarding the Company's performance or any matters presented to the Board that have not been resolved during the meeting, such observations must be recorded along with the measures taken or to be taken by the Board in the Board meeting minutes.
  - b. If a Board member expresses a dissenting opinion regarding any resolution, such opinion must be detailed in the Board meeting minutes.
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#### **Article (13): Organization of Attendance at Board Meetings**

- a. The Chairman of the Board must consult with other members and the Chief Executive Officer when preparing the agenda of subjects to be discussed at Board meetings. The agenda, accompanied by supporting documents, must be sent to the Board members well in advance to allow them sufficient time to study the matters and properly prepare for the meeting. The Board must approve the agenda upon commencement of the meeting, and if any member objects to the agenda, the details of such objection must be recorded in the minutes.
- b. Procedures for managing attendance at Board meetings must be established, including handling cases of irregular attendance.
- c. Each Board member shall have an equal vote when voting on decisions.
- d. Non-Board attendees do not have the right to vote.
- e. In the event of a tie, the Chairman (or the presiding member in the Chairman's absence) shall have the casting vote.
- f. Independent Board members should endeavor to attend all meetings where critical and material decisions affecting the Company's position are made.
- g. Attendance of members must be properly recorded.
- h. The Board must approve the meeting agenda upon convening. If any member objects, it must be recorded in the minutes.
- i. Each Board member shall have the right to propose the addition of any item to the agenda.

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#### **Article (14): Board Meeting Agendas**

- a. The Board must approve the meeting agenda upon convening. If any member objects, it must be recorded in the meeting minutes.
- b. Each Board member has the right to propose the addition of any item to the agenda.

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#### **Article (15): Remuneration of Board Members**

- a. The Company's Articles of Association and its remuneration and compensation policies shall specify the method of compensating Board members. Such remuneration may include a fixed salary, attendance allowances, in-kind benefits, or a percentage of profits.
- b. The Board shall determine its members' remuneration, ensuring compliance with the Company's Articles of Association and maintaining a balance between regulatory compliance and the necessity to attract the best-qualified candidates to ensure effective Company performance.
- c. Full disclosure of the amounts paid as remuneration or compensation to Board members must be made in the Board's report to the General Assembly of shareholders and in the Company's annual financial statements. The disclosure must include a comprehensive statement of all amounts received by Board members during the financial year.

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#### **Article (16): Exercise of Board Responsibilities**

- a. The Board must exercise its authorities and perform its duties under prudent and effective controls that allow for risk measurement, management, and mitigation.
- b. Subject to Clause (b) of Article (2) herein, the Board may, within its jurisdiction, delegate the performance of certain tasks to one or more of its members, committees, or third parties.
- c. The Board must develop an internal policy that outlines work procedures to encourage members to perform effectively and commit to their duties towards the Company.
- d. The Board shall organize its own activities and allocate sufficient time to fulfill the responsibilities assigned to it, including preparation for Board and committee meetings, coordination, recording, and retention of meeting minutes.

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#### Article (17): Board Secretary

a. The Board shall appoint a Secretary from among its members or others. The Board shall define the Secretary's responsibilities and remuneration by a Board resolution unless otherwise stipulated in the Company's Articles of Association. The responsibilities of the Board Secretary shall include:

1. Documenting Board meetings and preparing minutes that record discussions and deliberations, specifying the meeting's location, date, start and end times, decisions made, and voting results, while keeping the minutes in a special, organized register. The minutes must include the names of attending members and any reservations expressed, and must be signed by the Chairman, the attending members, and the Secretary.
2. Safekeeping reports submitted to the Board and reports prepared by the Board.
3. Providing Board members with the agenda, working papers, and documents related to meetings, and any additional documents requested by members related to the items listed in the meeting agenda.
4. Ensuring that Board members comply with the procedures established by the Board.
5. Notifying Board members of meeting dates sufficiently in advance.
6. Circulating draft minutes to Board members for their review and feedback prior to signing.
7. Ensuring that Board members promptly receive copies of the minutes, as well as information and documents relating to the Company.
8. Coordinating among Board members.
9. Maintaining a disclosure register for Board members and Executive Management members in accordance with Article (74) of the Corporate Governance Regulations.
10. Providing assistance and advice to Board members.

b. The Board Secretary may not be dismissed except by a resolution of the Board.

#### Article (18): Term of the Board

The Board of Directors' term shall commence from the date of its formation by the General Assembly of the Company and shall end upon the expiration of its term.

The Board may be reappointed for a new term.

#### **Article (19): Composition of the Board of Directors**

The composition of the Board of Directors shall take into consideration the following:

The number of Board members must be commensurate with the size and nature of the Company's business, without prejudice to Clause (a) of Article (20) of these Regulations.

The majority of the Board members must be non-executive directors.

The number of independent directors must not be less than two members or one-third of the Board, whichever is greater.

#### **Article (20): Appointment of Board Members**

- a. The Company's Articles of Association shall specify the number of Board members, provided that it is not less than three (3) members.
- b. The General Assembly shall elect the Board members for a term specified in the Articles of Association, not exceeding four (4) years. Re-election is permitted unless otherwise stipulated in the Articles of Association.
- c. A Board member must not serve simultaneously on the boards of more than five (5) listed joint stock companies.
- d. The Company must notify the Capital Market Authority of the names of Board members and the nature of their memberships within five (5) business days from the beginning of the Board's term or from the date of their appointment, whichever occurs first, and must notify the Authority of any changes to their membership within five (5) business days of the occurrence of such changes.

#### **Article (21): Conditions for Board Membership**

Board members must possess professional competence, relevant experience, knowledge, skill, and independence necessary to perform their duties efficiently and effectively. In particular, Board members must have:



**Leadership Ability:** Demonstrating leadership skills that enable them to grant authority, motivate performance, and enforce the principles of sound, effective management and professional ethics.

**Competence:** Having academic qualifications, professional skills, appropriate personal attributes, sufficient training, and practical experience relevant to the Company's current and future activities, management, economics, accounting, law, or corporate governance, along with a willingness to learn and develop.

**Strategic Direction Ability:** Having technical, leadership, and managerial capabilities, decision-making speed, and an understanding of technical requirements relevant to business operations, as well as the ability to provide strategic guidance, planning, and clear future vision.

**Financial Knowledge:** The ability to read and understand financial statements and reports.

**Physical Fitness:** Being free from any health impediment that would prevent the effective performance of duties. When electing Board members, the General Assembly must consider the recommendations of the Nominations and Remuneration Committee and ensure the availability of the necessary professional and personal attributes.

#### **Article (22): Independence Impairments**

a. An independent Board member must be capable of exercising their duties, expressing opinions, and voting on decisions objectively and independently, thereby assisting the Board in making sound decisions that contribute to the Company's interests.

b. The Board shall conduct an annual evaluation of the independence of its members to ensure that no relationships or circumstances exist that may affect or impair their independence.

c. Independence is deemed impaired in cases including, but not limited to, the following:

Ownership of five percent (5%) or more of the Company's shares, or shares in any of its group companies, or being related to a person who owns such percentage.

Having a kinship relationship with any of the Company's Board members or Board members of any of its group companies.

Having a kinship relationship with any senior executives of the Company or any of its group companies.

Being a member of the Board of Directors of another company within the Company's group.

Being an employee (currently or within the past two years) of the Company, one of its group companies, or a controlling shareholder or auditor of either.

Having a direct or indirect interest in transactions or contracts made for the benefit of the Company

Receiving financial amounts from the Company other than the Board or committee membership remuneration exceeding SAR 200,000 or 50% of the member's previous year remuneration, whichever is less.

Engaging in business activities that compete with the Company or conducting trade in a sector where the Company operates.

Serving on the Board of the Company for more than nine (9) consecutive or non-consecutive years.

d. Transactions and contracts conducted to meet personal needs under the same conditions applied to general contractors and customers shall not affect independence unless otherwise determined by the Nominations and Remuneration Committee.

#### **Article (23): End of the Board's Term or Member Resignation**

a. The Board membership shall terminate upon the expiration of the term or upon the loss of membership eligibility pursuant to applicable laws and regulations.

The General Assembly may base on a Board recommendation terminate the membership of any director who is absent from three (3) consecutive meetings or five (5) separate meetings without a justified excuse accepted by the Board.

b. Nevertheless, the Ordinary General Assembly may dismiss all or some Board members at any time, and must elect a new Board or replacement members, as appropriate, in accordance with the provisions of the Companies Law.

c. The Board must call for an Ordinary General Assembly meeting sufficiently in advance before the end of its term to elect a new Board. If the election cannot be conducted and the term ends, the current

Board members shall continue performing their duties until a new Board is elected, provided that the extension does not exceed the period specified by applicable regulations.

d. If the Chairman and Board members resign, they must call for an Ordinary General Assembly meeting to elect a new Board. The resignation shall not be effective until a new Board is elected, subject to the time limit set by regulations.

e. A Board member may resign by submitting a written notice to the Chairman of the Board. If the Chairman resigns, the notice shall be directed to the remaining Board members and the Board Secretary.

The resignation shall become effective from the date specified in the notice.

#### **Article (24): Vacancy of a Board Member's Position**

a. If a Board member's position becomes vacant due to death, resignation, or other reasons without affecting the validity of Board meetings due to a shortage of members below the minimum required by law or the Articles of Association, the Board may temporarily appoint a qualified and competent person to fill the vacancy.

The appointment must be reported to the Commercial Register and the Capital Market Authority within fifteen (15) days of the appointment date and shall be presented to the next Ordinary General Assembly meeting for approval. The appointed member shall complete the remaining term of their predecessor.

b. If the vacancy results in the Board's inability to meet the minimum member requirements, the remaining members must call for an Ordinary General Assembly meeting within sixty (60) days to elect the required number of members.

c. The resignation decision shall become effective from the date the Chairman is notified, or any other agreed-upon date.

If the resigning member has observations regarding the Company's performance, they must provide a written statement to the Chairman, which must be presented to the Board members.

Before	After
<p><b>Preamble</b></p> <p>The Board of Directors forms a committee of non-executive members called the Audit Committee, consisting of no fewer than three members, including at least one specialist in financial and accounting matters. The committee appoints a secretary from among its members or an employee of the company.</p>	<p><b>Preamble</b></p> <p>This regulation aims to organize the operations of the Audit Committee by defining its duties, authorities, and responsibilities, in addition to the controls and procedures of its operations, the rules for selecting its members, and the nomination process, in accordance with the regulations governing audit committees in listed companies as stipulated in the Corporate Governance Regulation issued by the Capital Market Authority.</p>
<p><b>Article (1)</b></p> <p>The General Assembly of the company, based on a proposal from the Board of Directors, issues rules for selecting Audit Committee members, their membership term, and the committee's operating procedures.</p>	<p><b>Article (1) Formation of the Committee:</b></p> <ul style="list-style-type: none"> <li>a) The Audit Committee is formed by a decision of the company's Board of Directors, comprising shareholders or others, provided it does not include any executive members of the Board. The committee shall consist of no fewer than three and no more than five members, including at least one specialist in financial and accounting matters.</li> <li>b) At least one member of the Audit Committee must be independent.</li> <li>c) The chairperson of the Audit Committee must be an independent member.</li> <li>d) At least half of the Audit Committee members must be independent or not subject to the independence Obstacles outlined in Article 19 of the Corporate Governance Regulation.</li> <li>e) The General Assembly, based on a proposal from the Board of Directors, issues the Audit Committee's operating regulation, which shall include the controls and procedures of its operations, its duties, rules for selecting its members, their nomination process, membership term, remuneration, and the mechanism for temporarily appointing members in case of a vacancy.</li> <li>f) Individuals who are currently or have been employed within the past two years in the company's executive or financial management, or with the company's external auditor, may not be members of the Audit Committee.</li> <li>g) A member of the Audit Committee may not simultaneously serve on the audit committees of more than five listed companies in the market.</li> </ul>

<p><b>New Article</b></p>	<p><b>Article (5) Committee Reports</b></p> <p>a) The committee submits summary reports to the Board following each meeting, as well as after the annual meeting.</p> <p>b) The secretary of the Audit Committee submits the minutes of the committee's meetings to the Board members immediately after each meeting.</p>
<p><b>Article (4) Powers of the Audit Committee</b></p> <ol style="list-style-type: none"> <li>1. The committee has the right to access records, meet with company employees, and consult with external auditors.</li> <li>2. The committee may seek legal or technical advice from external parties when necessary to assist in performing its duties.</li> <li>3. The committee may request clarifications or statements from members of the Board of Directors or executive management.</li> <li>4. The committee may request the Board to convene the company's General Assembly if the Board obstructs its work or if the company suffers significant damages or losses.</li> <li>5. The committee shall, at each meeting, verify whether there are any deficiencies related to internal control management or compliance with established controls and must immediately report its observations to the Board.</li> </ol>	<p><b>Article (6) Powers of the Audit Committee</b></p> <p>To perform its duties,</p> <p>a) The Audit Committee has the right to access the company's records and documents.</p> <p>b) The committee may request clarifications or statements from members of the Board of Directors or executive management.</p> <p>c) The committee may request the Board to convene the company's General Assembly if the Board obstructs its work or if the company suffers significant damages or losses.</p> <p>d) The committee may engage experts or specialists from within or outside the company, within the scope of its authority. This must be documented in the meeting minutes, including the expert's name and their relationship with the company or executive management.</p>
<p><b>Article (6): Committee Membership</b></p> <ol style="list-style-type: none"> <li>1. The Committee shall consist of at least three members, including the Committee Chairman, one of whom must specialize in financial and accounting matters. The appointment and termination of Audit Committee members shall be decided by the General Assembly of Shareholders upon the recommendation of the Board of Directors.</li> <li>2. At least one member of the Audit Committee must be an independent member. Committee members must be non-executive members of the Board of Directors, and the Chairman of the</li> </ol>	<p><b>Article (7): Committee Membership</b></p> <p>a. The Chairman of the Board of Directors shall not be a member of the Audit Committee.</p> <p>b. Committee members shall be selected based on their diverse backgrounds, skills, and experiences, with consideration given to reasonable commercial expertise.</p> <p>c. The names of Committee members shall be disclosed in the annual report and the Board of Directors' report.</p> <p>d. Committee membership shall terminate in the following cases:</p> <ol style="list-style-type: none"> <li>1. Termination of membership on the Board of Directors.</li> <li>2. Submission of a request to be relieved from continuing membership.</li> </ol>

<p>Board of Directors may not be a member of the Audit Committee.</p> <ol style="list-style-type: none"> <li>3. Individuals who are currently employed or have been employed within the past two years in the company's executive or financial management, or with the company's external auditor, may not be members of the Audit Committee.</li> <li>4. A member of the Audit Committee may not simultaneously serve on the audit committees of more than five listed joint-stock companies in the market.</li> <li>5. Committee members shall be selected based on their diverse backgrounds, skills, and experiences, with consideration given to reasonable commercial expertise.</li> <li>6. Members shall be appointed for a term determined by the Board of Directors, not exceeding three years, and may be reappointed as needed.</li> <li>7. The names of Committee members shall be disclosed in the annual report and the Board of Directors' report.</li> <li>8. Committee membership shall terminate in the following cases: <ol style="list-style-type: none"> <li>a. Termination of membership on the Board of Directors.</li> <li>b. Submission of a request to be relieved from continuing membership.</li> <li>c. Absence from three consecutive Committee meetings without an excuse acceptable to the Board of Directors.</li> <li>d. Misuse of the authority derived from Committee membership or actions that harm the company's reputation in general or the Committee's reputation in particular.</li> </ol> </li> <li>9. If a Committee member's membership ends due to death or any of the aforementioned reasons, the Board of Directors shall nominate another member to fill the vacant position.</li> </ol>	<ol style="list-style-type: none"> <li>3. Absence from three consecutive Committee meetings without an excuse acceptable to the Board of Directors.</li> <li>4. Misuse of the authority derived from Committee membership or actions that harm the company's reputation in general or the Committee's reputation in particular.</li> <li>e. If a Committee member's membership ends due to death or any of the aforementioned reasons, the Board of Directors shall nominate another member to fill the vacant position in accordance with the selection criteria stipulated in this regulation.</li> <li>f. The Board of Directors shall appoint Audit Committee members based on the following selection criteria: <ol style="list-style-type: none"> <li>1. The candidate must have relevant expertise related to the tasks of the Audit Committee.</li> <li>2. The candidate must be familiar with the company's activities, operations, and the risks it faces.</li> <li>3. At least one member must have qualifications and knowledge in financial and accounting matters.</li> <li>4. A member of the Audit Committee may not simultaneously serve on the audit committees of more than five listed joint-stock companies in the market.</li> <li>5. Individuals who are currently employed or have been employed within the past two years in the company's executive or financial management, or with the company's external auditor, may not be members of the Audit Committee.</li> <li>6. The candidate must not have been convicted of an act that violates honor and integrity or contravenes regulations in the Kingdom of Saudi Arabia or any other country.</li> </ol> </li> </ol>
<p><b>New Article)</b></p>	<p><b>Article (8): Committee Term</b> <b>New Article)</b></p> <p>The Committee's term shall commence on the date of its formation and end upon the expiration of the Board's term. The duration of Committee membership must align with the duration of Board membership.</p>

<p><b>New Article)</b></p>	<p><b>Article (10): Committee Chairman (New Article)</b></p> <p>The Committee members shall select a Chairman from among themselves for the duration of the Committee's term. The Committee Chairman shall oversee the following:</p> <ol style="list-style-type: none"> <li>1. Convening Committee meetings, determining the time, date, place, and agenda for each meeting in coordination with Committee members.</li> <li>2. Chairing Committee meetings and submitting their outcomes and recommendations to the Board.</li> <li>3. The Committee Chairman, or a designated member, must attend General Assemblies to answer shareholders' questions.</li> <li>4. Representing the Committee before the Board and any other entity as required.</li> </ol>
<p><b>Article (8): Committee Meetings</b></p> <ol style="list-style-type: none"> <li>1. The Committee shall meet at least four times annually, and additional meetings may be held if required by its work.</li> <li>2. The legal quorum for Committee meetings is achieved with the attendance of two or more members. In the absence of the Audit Committee Chairman, the remaining members shall select one among them to chair the meeting.</li> <li>3. Committee meetings shall be scheduled to allow the Committee to review preliminary results before their approval by the Board, as well as before and after the internal auditor's work.</li> <li>4. The Committee Chairman shall convene a meeting at the request of at least two Committee members, the external auditor, the internal auditor, or the Chairman of the Board of Directors.</li> <li>5. The General Manager of Finance and Information Systems and the Internal Audit Manager may be invited to attend all or some Committee meetings. A representative of the external auditors must be invited at least once annually after the completion of the annual</li> </ol>	<p><b>Article (11): Audit Committee Meetings</b></p> <ol style="list-style-type: none"> <li>a) The Audit Committee shall meet periodically, with a minimum of four meetings during the company's financial year. Additional meetings may be held if required by its work.</li> <li>b) The Audit Committee shall meet periodically with the company's external auditor and internal auditor.</li> <li>c) The internal or external auditor may request a meeting with the Audit Committee whenever necessary.</li> <li>d) The internal or external auditor shall have the right to communicate and interact directly with the Committee without intermediaries.</li> <li>e) Committee meetings are valid with the attendance of the majority of its members. Decisions are made by a majority vote of those present, and in case of a tie, the side supported by the meeting chairman shall prevail.</li> <li>f) Committee meetings shall be scheduled to allow the Committee to review preliminary results before their approval by the Board, as well as before and after the internal auditor's work.</li> <li>g) The Committee Chairman shall convene a meeting at the request of at least two</li> </ol>

<p>audit and before the issuance of the company's final financial statements.</p> <ol style="list-style-type: none"> <li>6. The Committee shall meet with the external auditors at least once annually.</li> <li>7. The Committee shall meet with the Internal Audit Manager at least once annually.</li> <li>8. In exceptional cases, and after notifying the General Manager, the Committee Chairman may invite other management members to brief the Committee on any aspect of the company's activities.</li> <li>9. Committee decisions and recommendations shall be issued by a majority vote of those present. In case of a tie, the side supported by the Committee Chairman shall prevail. Abstaining from voting or delegating votes is not permitted.</li> <li>10. Minutes of all Committee meetings shall be recorded, signed by the Chairman and the secretary, and submitted to the company's Board of Directors.</li> <li>11. Any dissenting member may record the reasons for their objection in the meeting minutes.</li> <li>12. If a Committee member leaves a meeting before its conclusion, this shall be noted in the minutes, and their vote shall be limited to the items discussed in their presence.</li> </ol>	<p>Committee members, the external auditor, the internal auditor, or the Chairman of the Board of Directors.</p> <ol style="list-style-type: none"> <li>h) The General Manager of Finance and Information Systems and the Internal Audit Manager may be invited to attend all or some Committee meetings. A representative of the external auditors must be invited at least once annually after the completion of the annual audit and before the issuance of the company's final financial statements.</li> <li>i) The Committee shall meet with the external auditors at least once annually.</li> <li>j) The Committee shall meet with the Internal Audit Manager at least once annually.</li> <li>k) In exceptional cases, and after notifying the General Manager, the Committee Chairman may invite other management members to brief the Committee on any aspect of the company's activities.</li> <li>l) Committee meetings must be documented, and minutes shall be prepared detailing discussions, deliberations, recommendations, and voting outcomes. These minutes shall be maintained in an organized record, noting the names of attending members and any reservations they may have expressed. The minutes shall be signed by all attending members.</li> <li>m) Any dissenting member may record the reasons for their objection in the meeting minutes.</li> <li>n) If a Committee member leaves a meeting before its conclusion, this shall be noted in the minutes, and their vote shall be limited to the items discussed in their presence.</li> <li>o) No Board of Directors or executive management member, except the Committee secretary and Committee members, may attend Committee meetings unless the Committee requests their opinion or consultation.</li> </ol>
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<p><b>Article (9): Audit Committee Members' Remuneration</b></p> <p>The remuneration for Audit Committee members has been set at a fixed annual amount of 25,000 Saudi Riyal, in addition to a session attendance allowance of 1,500 Saudi Riyal per member per session.</p>	<p><b>Article (12): Audit Committee Members' Remuneration</b></p> <p>Each Committee member is entitled to annual remuneration and a session attendance allowance as stipulated in the company's bylaws and the remuneration policy for the Board of Directors, its committees, and executive management.</p>
<p><b>New Article</b></p>	<p><b>Article (13): Enforcement</b></p> <ol style="list-style-type: none"> <li>1. This regulation shall take effect from the date of its approval by the company's General Assembly.</li> <li>2. Any matter not addressed in this regulation shall be governed by the relevant systems and regulations issued by the competent authorities.</li> </ol>
<p><b>Article (10)</b></p> <p>The internal or external auditor shall have the right to communicate and interact directly with the Committee without intermediaries.</p>	<p><b>(Deleted and added into Article 11)</b></p>



## **Audit Committee Regulation for Banan Real Estate Company**

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## **Audit Committee Regulation for Banan Real Estate Company**

**Preamble:** This regulation aims to organize the operations of the Audit Committee by defining its tasks, powers, responsibilities, operational controls and procedures, rules for selecting its members, nomination procedures, membership duration, remuneration, and mechanisms for appointing members, in accordance with the regulations governing audit committees in listed companies as stipulated in the Corporate Governance Regulation issued by the Capital Market Authority.

### **Article (1): Formation of the Committee**

- a) The Audit Committee shall be formed by a decision of the company's Board of Directors, consisting of shareholders or others, provided it does not include any executive members of the Board of Directors. The Committee shall have a minimum of three and a maximum of five members, including at least one member specialized in financial and accounting matters.
- b) At least one member of the Audit Committee must be an independent member.
- c) The Chairman of the Audit Committee must be an independent member.
- d) At least half of the Audit Committee members must be independent or individuals who do not fall under the independence impediments outlined in Article 19 of the Corporate Governance Regulation.
- e) The General Assembly of the company, based on a proposal from the Board of Directors, shall issue the Audit Committee's operating regulation, which must include the Committee's operational controls and procedures, tasks, rules for selecting members, nomination procedures, membership duration, remuneration, and mechanisms for temporarily appointing members in case of a vacancy.
- f) Individuals who are currently employed or have been employed within the past two years in the company's executive or financial management, or with the company's external auditor, shall not be members of the Audit Committee.
- g) A member of the Audit Committee shall not simultaneously serve on the audit committees of more than five listed joint-stock companies in the market.

### **Article (2): Competencies and Responsibilities of the Committee**

The Audit Committee is responsible for overseeing the company's operations, verifying the integrity and fairness of its financial statements and reports, and ensuring the effectiveness of internal control systems. The Committee's specific tasks include the following:

#### **a. Financial Reports:**

- 1. Reviewing the company's preliminary and annual financial statements before presenting them to the Board of Directors, providing its opinion and recommendations to ensure their integrity, fairness, and transparency.
- 2. Providing a technical opinion, at the request of the Board of Directors, on whether the Board's report and the company's financial statements are fair, balanced, understandable, and contain sufficient information to enable shareholders and investors to assess the company's financial position, performance, business model, and strategy.

3. Examining any significant or unusual matters included in the financial reports.
4. Thoroughly investigating any issues raised by the company's Chief Financial Officer, or equivalent, the compliance officer, or the external auditor.
5. Verifying the accounting estimates for material matters included in the financial reports.
6. Reviewing the accounting policies adopted by the company and providing opinions and recommendations to the Board of Directors regarding them.

**b. Internal Audit:**

1. Reviewing and assessing the company's internal, financial, and risk management control systems.
2. Examining internal audit reports and following up on the implementation of corrective actions for the observations noted therein.
3. Overseeing and monitoring the performance and activities of the internal auditor and the internal audit department to ensure the availability of necessary resources and their effectiveness in performing assigned tasks.
4. Recommending to the Board of Directors the appointment of the head of the internal audit unit or department, or the internal auditor, and proposing their remuneration.

**c. External Auditor:**

1. Recommending to the Board of Directors the nomination, dismissal, fee determination, and performance evaluation of external auditors, after verifying their independence and reviewing the scope of their work and contract terms.
2. Verifying the independence, objectivity, and fairness of the external auditor, as well as the effectiveness of their audit work, taking into account relevant rules and standards.
3. Reviewing the external auditor's plan and work, ensuring they do not provide technical, administrative, or consulting services outside the scope of audit work, and providing feedback in this regard.
4. Responding to inquiries from the company's external auditor.
5. Reviewing the external auditor's report and their comments on the financial statements and following up on actions taken in response.

**d. Ensuring Compliance:**

1. Reviewing the results of regulatory authorities' reports and verifying that the company has taken the necessary actions in response.
2. Ensuring the company's compliance with relevant systems, regulations, policies, and instructions.
3. Reviewing proposed contracts and transactions the company intends to conduct with related parties and providing feedback to the Board of Directors.
4. Reporting to the Board of Directors any issues requiring action and recommending appropriate measures.

The Committee must exercise caution when preparing its reports, remaining vigilant for potential deliberate illegal acts, fraud, or errors in the company's financial reports. It should

be prepared to detect any instances that may bypass control procedures or grant unjustified exemptions to individuals or entities. The Committee must always seek the opinion of a legal or financial consultant, as appropriate, to ensure proper judgment.

### **Article (3): Conflict Between the Audit Committee and the Board of Directors**

If a conflict arises between the Audit Committee's recommendations and the Board of Directors' decisions, or if the Board refuses to adopt the Committee's recommendation regarding the appointment, dismissal, fee determination, performance evaluation of the external auditor, or the appointment of the internal auditor, the Board's report must include the Committee's recommendation, its justifications, and the reasons for not adopting it.

### **Article (4): Arrangements for Submitting Observations**

The Audit Committee shall establish a mechanism allowing company employees to confidentially submit observations regarding any violations in financial or other reports. The Committee shall verify the application of this mechanism by conducting an independent investigation proportional to the severity of the error or violation and adopting appropriate follow-up measures.

### **Article (5): Committee Reports**

- a) The Committee shall submit summary reports to the Board following each meeting, as well as after the annual meeting.
- b) The Audit Committee's secretary shall submit the minutes of the Committee's meetings to the Board of Directors immediately after each meeting.

### **Article (6): Powers of the Audit Committee**

To perform its duties the Audit Committee shall have the following powers:

- a) The right to access the company's records and documents.
- b) The ability to request clarifications or statements from members of the Board of Directors or executive management.
- c) The right to request the Board of Directors to convene the company's General Assembly if the Board obstructs the Committee's work or if the company faces significant harm or losses.
- d) The Committee shall engage experts or specialists from within or outside the company, within the scope of its authority, provided this is documented in the meeting minutes, including the expert's name and their relationship with the company or executive management.

### **Article (7): Committee Membership**

- a) The Chairman of the Board of Directors shall not be a member of the Audit Committee.
- b) Committee members shall be selected based on their diverse backgrounds, skills, and experiences, with consideration given to reasonable commercial expertise.

- c) The names of Committee members shall be disclosed in the annual report and the Board of Directors' report.
- d) Committee membership shall terminate in the following cases:
  - 1. Termination of membership on the Board of Directors.
  - 2. Submission of a request to be relieved from continuing membership.
  - 3. Absence from three consecutive Committee meetings without an excuse acceptable to the Board of Directors.
  - 4. Misuse of the authority derived from Committee membership or actions that harm the company's reputation in general or the Committee's reputation in particular.
- e) If a Committee member's membership ends due to death or any of the aforementioned reasons, the Board of Directors shall nominate another member to fill the vacant position in accordance with the selection criteria stipulated in this regulation.
- f) The Board of Directors shall appoint Audit Committee members based on the following selection criteria:
  - 1. The candidate must have relevant expertise related to the tasks of the Audit Committee.
  - 2. The candidate must be familiar with the company's activities, operations, and the risks it faces.
  - 3. At least one member must have qualifications and knowledge in financial and accounting matters.
  - 4. A member of the Audit Committee shall not simultaneously serve on the audit committees of more than five listed joint-stock companies in the market.
  - 5. Individuals who are currently employed or have been employed within the past two years in the company's executive or financial management, or with the company's external auditor, shall not be members of the Audit Committee.
  - 6. The candidate must not have been convicted of an act that violates honor and integrity or contravenes regulations in the Kingdom of Saudi Arabia or any other country.

#### **Article (8): Committee Term**

The Committee's term shall commence on the date of its formation and end upon the expiration of the Board's term. The duration of Committee membership must align with the duration of Board membership.

#### **Article (9): Obligations of Committee Members**

- 1. Committee members must ensure attendance at scheduled meetings and not be absent without an acceptable excuse.
- 2. Members must not undertake any executive tasks within the company.
- 3. Members must exercise reasonable due diligence in performing their duties.
- 4. Members must maintain the company's confidentiality and not disclose information obtained through their work to shareholders or third parties.

5. Members must demonstrate honesty, integrity, and impartiality in their work, ensuring their opinions are objective and independent.
6. Committee members must not accept anything of material or immaterial value from the company's clients, shareholders, employees, suppliers, or any person connected to the company that could cast doubt on their independence.

**Article (10): Committee Chairman**

The Committee members shall select a Chairman from among themselves for the duration of the Committee's term. The Committee Chairman shall oversee the following:

1. Convening Committee meetings, determining the time, date, place, and agenda for each meeting in coordination with Committee members.
2. Chairing Committee meetings and submitting their outcomes and recommendations to the Board.
3. The Committee Chairman, or a designated member, must attend General Assemblies to answer shareholders' questions.
4. Representing the Committee before the Board and any other entity as required.

**Article (11): Audit Committee Meetings**

- a) The Audit Committee shall meet periodically, with a minimum of four meetings during the company's financial year. Additional meetings may be held if required by its work.
- b) The Audit Committee shall meet periodically with the company's external auditor and internal auditor.
- c) The internal or external auditor shall request a meeting with the Audit Committee whenever necessary.
- d) The internal or external auditor shall have the right to communicate and interact directly with the Committee without intermediaries.
- e) Committee meetings are valid with the attendance of the majority of its members. Decisions are made by a majority vote of those present, and in case of a tie, the side supported by the meeting chairman shall prevail.
- f) Committee meetings shall be scheduled to allow the Committee to review preliminary results before their approval by the Board, as well as before and after the internal auditor's work.
- g) The Committee Chairman shall convene a meeting at the request of at least two Committee members, the external auditor, the internal auditor, or the Chairman of the Board of Directors.
- h) The General Manager of Finance and Information Systems and the Internal Audit Manager may be invited to attend all or some Committee meetings. A representative of the external auditors must be invited at least once annually after the completion of the annual audit and before the issuance of the company's final financial statements.
- i) The Committee shall meet with the external auditors at least once annually.



- j) The Committee shall meet with the Internal Audit Manager at least once annually.
- k) In exceptional cases, and after notifying the General Manager, the Committee Chairman may invite other management members to brief the Committee on any aspect of the company's activities.
- l) Committee meetings must be documented, and minutes shall be prepared detailing discussions, deliberations, recommendations, and voting outcomes. These minutes shall be maintained in an organized record, noting the names of attending members and any reservations they have expressed. The minutes shall be signed by all attending members.
- m) Any dissenting member should record the reasons for their objection in the meeting minutes.
- n) If a Committee member leaves a meeting before its conclusion, this shall be noted in the minutes, and their vote shall be limited to the items discussed in their presence.
- o) No Board of Directors or executive management member, except the Committee secretary and Committee members, may attend Committee meetings unless the Committee requests their opinion or consultation.

**Article (12): Audit Committee Members' Remuneration**

Each Committee member is entitled to annual remuneration and a session attendance allowance as stipulated in the company's bylaws and the remuneration policy for the Board of Directors, its committees, and executive management.

**Article (13): Enforcement**

- 1. This regulation shall take effect from the date of its approval by the company's General Assembly.
- 2. Any matter not addressed in this regulation shall be governed by the relevant systems and regulations issued by the competent authorities.