



Corporate Governance Guidelines

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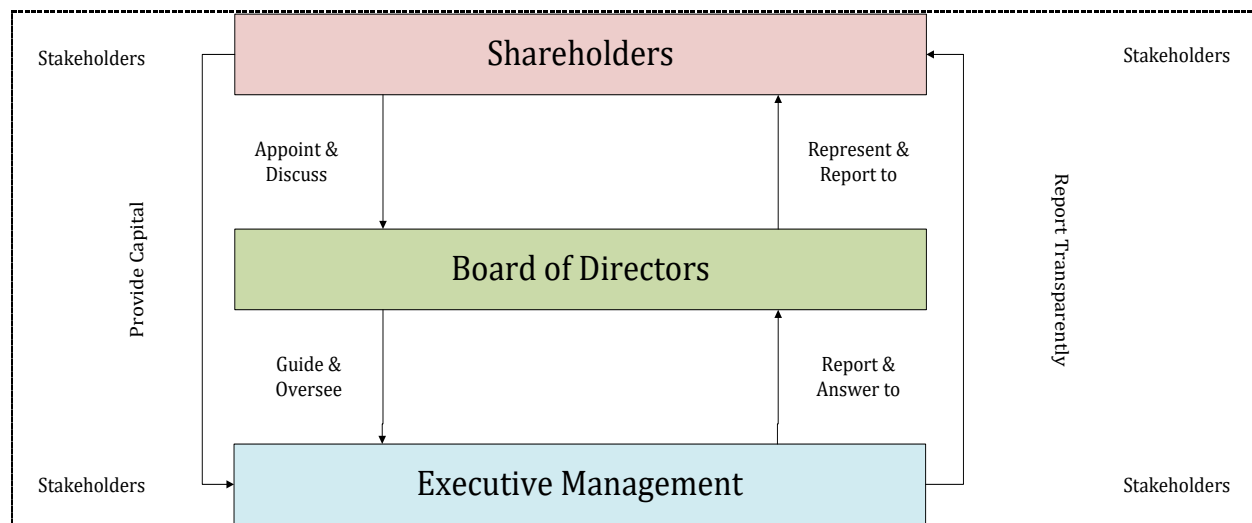
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1. INTRODUCTION AND PURPOSE OF THE POLICY

- 1.1 The Board of Directors ("BOD") is accountable to the Shareholders and other stakeholders to ensure that the Company is managed in a safe and sound manner. The Senior Management team is accountable to the BOD to manage the Company in accordance with the policies and principles established by the BOD and applicable legal requirements.
- 1.2 The purpose of the Policy is to outline the corporate governance structure and supporting framework for Naseej B.S.C. (c) ("NASEJ" or the "Company"). This Policy, together with the Memorandum and Articles of Association details the authority and governance practices for NASEEJ.

2. THE CORPORATE GOVERNANCE SYSTEM

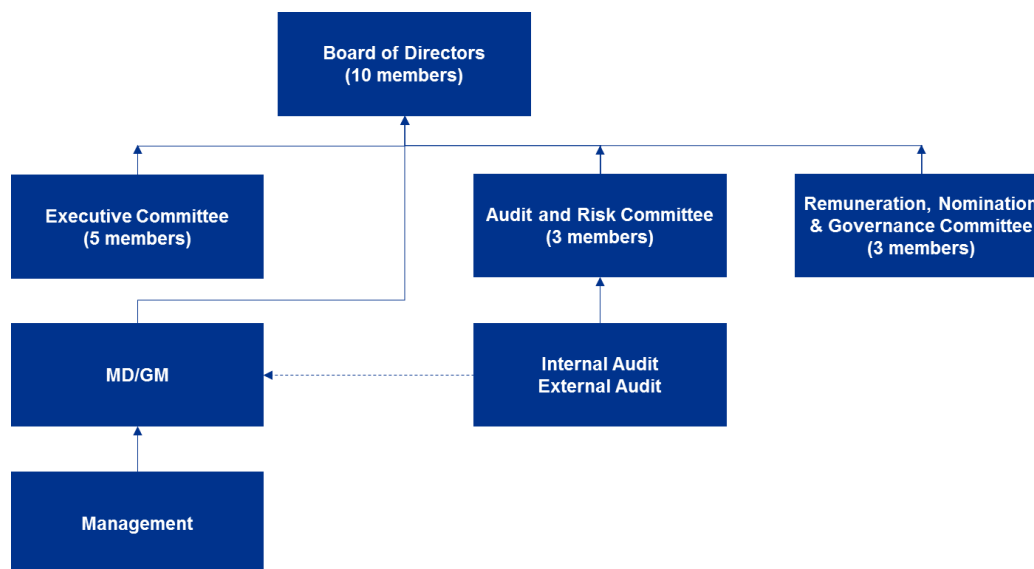
- 2.1 Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised.



- 2.2 Shareholders appoint a supervisory body (BOD) to represent their interests. This body essentially provides strategic direction to, and control over the Company's Management. Management are accountable to this supervisory body, which in turn is accountable to Shareholders through the Annual General Meeting ("AGM").

3. NASEEJ'S GOVERNANCE STRUCTURE

3.1 The following organization structure illustrates the current governance structure of NASEEJ.



4. CORPORATE GOVERNANCE PRINCIPLES

4.1. Company's guiding principles of good corporate governance are:

BOD operations - the BOD's ability to manage its own activities

- Directors representing a mix of applicable skills and experience.
- A nomination process designed to ensure that the appropriate balance and capability of the BOD is maintained on the basis of periodic evaluation of the performance of the BOD and individual directors.
- Substantial representation on the BOD by directors meeting defined criteria of independence in order to facilitate objectivity in decision making.
- Access to training (particularly on induction) and professional advice on issues BOD members deem necessary.

Strategy – the BOD's role in the strategy development process

- Active BOD participation in strategy development, including the review and challenge of the strategy.
- Creation of an adaptable organisation that is able to respond quickly to changing market opportunities.

Corporate Culture - the BOD's role in setting and communicating standards for organisational behaviour

- Promote openness with management on issues for which the BOD will ultimately be accountable.

- Sponsor and actively promote adherence to the organisation's defined Code of Conduct.
- Promote the use of incentivisation schemes that align the interests of the BOD and senior management with those of the Shareholders and other stakeholders.

Monitoring and evaluation – the BOD's role in monitoring management and evaluating its performance against defined goals

- Ensure that the organisation complies with relevant laws and regulations as well as with accounting, human resource and other internal policies.
- Understand organisational risks and be informed routinely about how they are managed and how the BOD can be assured that this is effective.
- Apply a rigorous process for evaluating the performance of senior management.

Stewardship – the BOD's responsibility towards stakeholders and accountability for their interests

- Uphold rigorous standards for individual members' preparedness, participation and candour.
- Protect the organisation and its stakeholders from potential damage due to conflicts of interest.
- Manage stakeholder expectations regarding the safeguarding of their interests, in part by ensuring that communication is thorough, timely and transparent.

5. SHAREHOLDERS OVERSIGHT AND RESPONSIBILITIES

- 5.1 A shareholder is any individual, group, or organization that owns one or more shares in the company, and in whose name the share certificate is issued. It is the right of every shareholder to participate and vote in the AGM and the Company should avoid any procedure that would hinder the Shareholders voting right. On the contrary, the Company should facilitate the Shareholders' rights to vote.
- 5.2 The Company should make available all information which enables the Shareholders to perfectly exercise their rights. This information should be sufficient and accurate and should be updated regularly and presented in a regular manner to the Shareholders. Additionally, the Company should implement an effective method to communicate with its Shareholders and there should be no preference between a shareholder and another in giving this information.
- 5.3 The main responsibility and duty of NASEEJ Shareholders is to pass resolutions at AGM by voting through their shareholder capacity. This duty is particularly important as it allows the Shareholders to exercise their ultimate control over the Company and how it is managed. Only certain acts can be done by the Shareholders such as authorising a service contract for a director. Their main role is to attend meetings so as to ensure the directors do not go beyond their powers.

6. BOARD OF DIRECTORS

- 6.1 The BOD is accountable to the Company's shareholder to ensure that the Company is managed in a safe and sound manner. To fulfil their fiduciary duties, the BOD Members must be independent of the management of the Company; familiar with the Company's business and general financial and accounting principles; and actively engaged in directing and overseeing management.

- 6.2 All Directors shall be appointed in accordance with the Bahrain Commercial Companies Law. Directors shall be issued with a written appointment letter setting out their terms of appointment and roles and responsibilities.

7. BOARD COMMITTEES

7.1 The BOD may set up sub-committees and delegate their duties without abdicating their responsibilities. These sub-committees will have a formal ‘Terms of Reference’ or charter documenting the Committee’s roles and responsibilities, delegated authority and reporting requirements.

7.2 The BOD has three Committees in place, namely:

- Audit and Risk Committee (“ARC”): Assists the BOD in discharging its oversight duties relating to matters such as:
 - Risk and compliance;
 - Integrity of the Company’s financial statements;
 - Whistleblowing process;
 - Financial reporting process;
 - Internal controls; and
 - Financial controls.
- Executive Committee (ExCom): Assists the BOD in discharging its oversight duties relating to matters such as:
 - Business opportunities;
 - Business continuity planning; and
 - Corporate social responsibility activities.
- Remuneration, Nomination & Governance Committee (RNGC): Assists the BOD in discharging its oversight duties relating to matters such as:
 - Appointment of BOD members;
 - Management’s performance evaluation;
 - Nomination and removal of Directors from the BOD;
 - Succession planning;
 - BOD induction and training;
 - Remuneration of Directors and Officers;
 - Related party transactions;
 - Performance assessment of BOD, BOD Committees and individual Directors; and
 - Corporate governance framework.

8. BOARD DECISIONS

- 8.1 Decisions of the BOD and Committees shall be based on simple majority of votes and in case of a tie, the Chairperson shall have the casting vote.
- 8.2 Decisions may also be made vide circular resolutions and shall be ratified in the subsequent BOD/Committee meeting.

9. BOARD SECRETARY

- 9.1 A Company Secretary is the 'Secretary of the BOD' of the Company, responsible along with the BOD members, for certain tasks. The key responsibility for the Secretary of the BOD is to ensure that the:
- BOD has the proper advice and resources for discharging its fiduciary duty;
 - Records of the BOD's actions reflect that the BOD has done so; and
 - Responsible for company secretarial function including maintenance of statutory records and minutes of meetings and related documents.
- 9.2 In addition, the Secretary of the BOD helps to ensure that the BOD adheres to all relevant regulatory requirements. The Secretary of the BOD reports functionally to the BOD and administratively to the MD/GM of NASEEJ.

10. CORPORATE GOVERNANCE OFFICER

- 10.1 The Corporate Governance Officer shall provide overall guidance and oversight of the Company's corporate governance framework.
- 10.2 The Corporate Governance Officer shall liaise with the Audit and Risk Committee with regard to Corporate Governance related matters and shall be the point of contact with the Ministry of Industry, Commerce and Tourism.
- 10.3 The Corporate Governance Officer shall also discharge oversight on related party transactions in liaison with the Audit and Risk Committee.

11. INTERNAL AUDIT FUNCTION

- 11.1 The role of the Internal Audit Function is to assist the BOD and Management in achieving effective Business Risk Management and Internal Control through providing objective, independent, professional and risk- based assurance and consultation services in line with the Company's values and audit profession ethics and standards. Internal Audit provides an independent appraisal process to examine and evaluate operations as a service to NASEEJ's Audit and Risk Committee.

12. MANAGEMENT OVERSIGHT AND RESPONSIBILITY

- 12.1 The BOD will oversee the development of an organizational structure that details how NASEEJ is organized along with the reporting lines. The BOD shall also ensure the establishment of a performance measurement framework for senior management.
- 12.2 It is the responsibility of the Senior Management to operate the Company in an effective and ethical manner including:
- Operating the business in a manner which reasonably calculates to maximise the long term value for the Company.
 - Setting a strong ethical tone for the Company and establishing and implementing a code of conduct which is reasonably calculated to discourage and detect misconduct.
 - Establishing internal controls and a financial reporting system which are reasonably calculated to produce financial reports that accurately and fairly present the Company's financial condition.

13. PROMOTING ETHICAL CONDUCT

- 13.1 NASEEJ BOD aims to ensure that all BOD Members and the Management personnel should act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.
- 13.2 Code of conduct to guide the Directors and the Management personnel to the practice necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practice is outlined in the Director's letter of appointment and / or other policies.

14. SAFEGUARDING INTEGRITY IN THE FINANCIAL REPORTING

- 14.1 The Management is responsible to ensure that financial reports present a true and fair view of the Company's financial position and that the operational results are in accordance with relevant accounting standards.
- 14.2 The BOD will ensure that a structure to independently verify and safeguard the integrity of the Company's financial reporting is in place.

15. RISK MANAGEMENT

- 15.1 NASEEJ is exposed to a variety of risks including:
- The routine risks applicable to any commercial concern;
 - The business / operational risks of NASEEJ;
 - Economic and political risks; and
 - The financial and reputational risks associated with the failure to comply with legislation and regulation.

15.2 The BOD must ensure a sound system of risk management framework and internal control mechanism is in place, including identification, analysis, evaluation, treatment and monitoring of risks.

15.3 Risk management is part of the corporate governance role that the stakeholders are expecting from the BOD. NASEEJ BOD will manage and maintain a sound enterprise wide risk management framework and aggregate key risks. The scope of implementing this policy is within the jurisdiction of NASEEJ under the direct supervision of the MD/GM.

16. DIRECTORS REMUNERATION POLICY

16.1 The BOD has adopted the Directors Remuneration policy to remunerate its Directors and Officers fairly and responsibly including key management personnel. The BOD Remuneration Policy is subject to approval by Shareholders at the AGM.

16.2 Remuneration of the key managerial personnel should be structured so that significant portion of the total is linked to the Company and individual performance and aligned with the long term interests of the Shareholders.

17. CORPORATE GOVERNANCE FRAMEWORK AT NASEEJ

17.1 The implementation of the policies and procedures detailed in the following enable establishment of a sound system of Corporate Governance at NASEEJ:

- Board of Directors Charter;
- Audit and Risk Committee Charter;
- Executive Committee Charter;
- Remuneration, Nomination & Governance Committee Charter;
- Board of Directors Code of Conduct and relevant disclosure forms;
- Whistle-blowing Policy;
- Delegation of Authority Limits;
- Directors Induction and Training Policy;
- Board of Directors / Committee's performance assessment form;
- Directors and Officers Remuneration Policy;
- Gifts Policy;
- Related party transactions policy;
- Corporate social responsibility policy; and
- Employment of relatives policy.

18. BOARD OF DIRECTORS CHARTER

- 18.1 The BOD has adopted a formal charter that details the functions and responsibilities of the BOD.
- 18.2 The BOD Charter outlines the principal role of the BOD, the demarcation of the roles, functions, responsibilities and powers of the BOD, various BOD committees of the Company and matters reserved for final decision-making or pre-approval by the BOD and the policies and practices of the BOD in respect of matters such as conflicts of interest and convening of BOD meetings.

19. AUDIT AND RISK COMMITTEE CHARTER

- 19.1 The Audit and Risk Committee assists the BOD in independently ensuring and maintaining oversight of NASEEJ and fulfilling its responsibility towards assisting the BOD to discharge their duties regarding reported financial information, internal controls and overall well being of the Company and maintain oversight audit functions, legal and regulatory requirements.
- 19.2 Audit and Risk Committee Charter sets out the membership, responsibilities, principles and operation of the Committee and identifies the interaction with the BOD, Management, Corporate Governance Officer and, the Internal and External Auditors.

20. EXECUTIVE COMMITTEE CHARTER

- 20.1 The Executive Committee assists the BOD in independently ensuring and maintaining oversight of business strategies, plans and social responsibility activities of the Company.
- 20.2 Executive Committee Charter sets out the membership, responsibilities, principles and operation of the Committee and identifies the interaction with the BOD and the Management.

21. REMUNERATION, NOMINATION & GOVERNANCE COMMITTEE CHARTER

- 21.1 The Remuneration, Nomination & Governance Committee assists the BOD in independently ensuring and maintaining oversight of nomination, remuneration and Corporate Governance responsibility activities of the Company.
- 21.2 Remuneration, Nomination & Governance Committee sets out the membership, responsibilities, principles and operation of the Committee and identifies the interaction with the BOD and the Management.

22. DELEGATION OF AUTHORITY LIMITS

- 22.1 Approving limits for the BOD and BOD Committees are incorporated into the Delegation of Authority Limits (DAL) in line with the scope of duties and established Charters and Terms of References. Further, the DAL has the following categories of approving authorities amongst the Company's management team:
- Managing Director/General Manager

- Head of Finance
- Other Heads of functions / departments

23. DIRECTORS INDUCTION AND TRAINING POLICY

- 23.1. The Company has developed a Directors Induction and Training policy with the objective to inform new directors such that they can become as effective as possible in their new role; The policy also defines requirements of on-going training to the Directors to assist them in keeping up-to-date with changing regulations, reporting requirements etc. and to understand the strategic direction and business of the organisation.

24. DIRECTORS CODE OF CONDUCT

24.1 Code of Conduct

- The Code of Ethics and Business Conduct (the “Code”), contains the policies that relate to the legal and ethical standards of conduct that BOD members, committee members, the executive management, managers and employees (together, the “Concerned Persons”) are expected to comply with while carrying out their fiduciary duties to NASEEJ.
- Furthermore, the Code lists certain standards by which Concerned Persons are expected to abide when conducting the Company’s affairs. It is intended to facilitate decisions that are consistent with legal and policy obligations along with fostering a culture of honesty and accountability.
- All Concerned Persons are responsible for ensuring that NASEEJ carries out its business activities in a way that maximizes business opportunities, has due regard to all applicable legal and regulatory requirements and minimizes NASEEJ’s exposure to unacceptable legal and regulatory risk.
- The Directors Code of Conduct has been developed to ensure all directors adhere to standards of loyalty, good faith, and the avoidance of conflict of interest.

24.2 Conflicts of Interest

- All Concerned Persons should avoid conflicts of interest between themselves and the Company. A “conflict of interest” can occur when the private interest of any of the Concerned Persons interferes in any way – or even appears to interfere – with the interests of the Company as a whole. A conflict situation can arise when any of the Concerned Persons takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when any of the Concerned Persons, or a member of their immediate family, receives improper personal benefits as a result of his or her position in the Company.
- Each Concerned Person shall fully disclose any situation that involves, or may reasonably be expected to involve a conflict of interest. Moreover, any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company’s BOD and committee members should be disclosed promptly to the BOD Chairperson and the Chairperson of the Audit

and Risk Committee. Similarly, all executive management, managers and employees shall report any conflict of interest to their direct supervisors or to the Human Resources Department.

- All Concerned Persons shall not support a political party or organization other than in a personal capacity, without the prior consent of NASEEJ. All Concerned Persons may be appointed as NASEEJ representatives at its affiliates. Any such appointment does not limit the duty or role of any Concerned Person, when exercising powers or performing duties as a Concerned Person, to act ethically, in the best interests of NASEEJ.

25. BOARD OF DIRECTORS/COMMITTEE'S PERFORMANCE ASSESSMENT FRAMEWORK

- 25.1 While the BOD remains accountable for the performance and affairs of the Company, it delegates to BOD Sub-Committees and the Management, certain functions to assist it to properly discharge its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems in the form of Charters /Terms of Reference for the Committees.
- 25.2 The BOD has established a mechanism for the annual review of its own performance as well as performance of its Committees.

26. WHISTLE-BLOWING PROGRAM AND POLICY

- 26.1. The Whistle-blowing program and policy encourages employees of NASEEJ to raise genuine concerns about possible improprieties in matters of financial reporting and other malpractices at the earliest opportunity, and in an appropriate way.
- 26.2. Its sets out the principles, reporting channels, investigation procedures and also provides protection to all Directors, Officers, Managers and Employees who report, in good faith, suspected violations by other BOD or staff members.

27. GIFTS POLICY

- 27.1. This policy outlines the procedures for both accepting and providing gifts or entertainment to external parties by the Directors and all employees of the Company. The guidelines specify acceptable gifts/entertainment that may be accepted or provided and also lays down situations where prior approval is to be sought. All gifts/entertainment accepted and provided, regardless of the value, shall be communicated to the Human Resources Department.

28. RELATED PARTY TRANSACTIONS POLICY

- 28.1. This Policy defines who are considered related parties, which includes both natural persons as well as legal entities and how to approach transactions with such related parties. This Policy is applicable to Directors and all employees of the Company. The Corporate Governance Officer and the Remuneration, Nomination & Governance Committee are responsible for overseeing and for preparing a report on all related party transactions executed during the year for reporting to the Shareholders at the AGM by the BOD.

29. CORPORATE SOCIAL RESPONSIBILITY POLICY

29.1. The Company is committed to the following social causes to support the Bahraini community:

- Health;
- Education;
- Environment; and
- Skills-based development and training.

29.2. This Policy highlights the screening criteria and evaluation process to be followed prior to providing donations or sponsorship to beneficiary organizations.

30. EMPLOYMENT OF RELATIVES POLICY

30.1. This Policy defines who are 'close relatives' and how to deal with employment of relatives of existing employees / Directors. The Company is committed to protecting the Company from conflict of interests that may arise from such appointment and has laid down procedures to handle such employments.

31. DISCLOSURES

31.1. Disclosures to be made to the Shareholders through the AGM have been listed in the Corporate Governance Checklist. Disclosures and reports approved by the Shareholders will subsequently be submitted to the relevant authorities.

32. AMENDMENTS AND INCLUSIONS

32.1. The Corporate Governance Policy should at least be reviewed annually by the Remuneration, Nomination & Governance Committee. Any changes to this policy will be subject to BOD's approval.