



Corporate Governance Policy

Document Version Control

Version	Date
1.0	June 2019
Approved by	
The Board of Directors	
Custodian	
Secretary of the Board of Directors	

CONTENTS

Document Version Control	2
1 Introduction	4
2 Corporate Governance Principles	5
2.1 Board Operations - Board's ability to manage its own activities	5
2.2 Strategy - Board's role in the strategy development process	5
2.3 Corporate Culture - Board's role in setting and communicating standards for organizational behavior	5
2.4 Monitoring and Evaluation - Board's role in monitoring management and evaluating its performance against defined goals	5
2.5 Stewardship - Board's responsibility towards stakeholders and accountability for their interests	6
3 Management Oversight and Responsibilities	7
4 Board Structure	8
4.1 Stakeholder's Interests	8
4.2 Strategy	8
4.3 Performance	8
4.4 Integrity of Financial Reporting	8
4.5 Risk Management and Compliance	8
4.6 Culture and Succession Planning	8
4.7 Board Performance and Composition	8
5 Promoting Ethical Conduct	9
6 Safeguarding Integrity in the Financial Reporting	10
7 Safeguarding Shareholders' Rights and Interests	11
8 Risk Management	12
9 Remuneration	13
10 Board Committees	14
10.1 Audit Committee	14
10.2 Executive Committee	14
11 Delegation of Authority	15
12 Performance Evaluation	16
13 Whistle Blower	17
14 Insider Trading	18

1 Introduction

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.

The purpose of this policy document (the "Policy") is to outline the corporate governance structure and supporting framework for the National Hotels Company BSC (the "Company"). This Policy, together with the Articles and Memorandum of Association, details the authority and governance practices for the Company.

The Board of Directors (the "Board") is accountable to the shareholders and other stakeholders to ensure that the Company is managed in a safe and sound manner. To fulfill their fiduciary duties, the Directors must be independent of the management of the Company; familiar with the Company's business and general financial and accounting principles; and actively engage in directing and overseeing Management.

The Executive Management team is accountable to the Board to manage the Company in accordance with the policies and principles established by the Board and applicable legal requirements.

2 Corporate Governance Principles

The Company's guiding principles of good corporate governance are:

2.1 Board Operations - Board's ability to manage its own activities

- A balance of Executive and Non-executive Directors representing a mix of applicable skills and experiences.
- A nominations process designed to ensure that the appropriate balance and capability of the Board is maintained on the basis of periodic evaluation of the performance of the Board and the individual directors.
- Substantial representation on the Board 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 Board members deem necessary.
- The existence of Committees that assist the Board in handling / managing the activities of the Board.

2.2 Strategy - Board's role in the strategy development process

- Active Board 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.

2.3 Corporate Culture - Board's role in setting and communicating standards for organizational behavior

- Promote openness with management on issues for which the Board 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 Board and Executive Management with those of the shareholders and other stakeholders.

2.4 Monitoring and Evaluation - Board'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 Board can be assured that this is effective.
- Apply a rigorous process for evaluating the performance of the Chief Executive Officer (the "CEO").

2.5 Stewardship - Board'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.

3 Management Oversight and Responsibilities

The Board, in the discharge of its duties, is required to delegate responsibility for the operation and administration of the Company to the Executive Management.

It is the responsibility of the CEO and the management team to operate the Company in an effective and ethical manner.

This Policy is intended to provide a broad and flexible framework for defining the roles of, and relationships between, the Board and the Executive Management for the effective governance of the Company. In accordance with this Policy, it is this Company's goal that the relationships of the Board and the Executive Management:

- **with shareholders** - be characterised by candour and good faith;
- **with employees** - be characterized by fairness;
- **with the communities in which the Company operates** - by good citizenship; and
- **with the government** - by commitment to compliance.

4 Board Structure

The Board has adopted a formal Board Charter (the “Charter”) that details the functions and responsibilities of the Board.

The Board’s most significant responsibilities in line with the Charter are:

4.1 Stakeholder’s Interests

Guiding the Company with a view of long term and sustainable returns for the stakeholders.

4.2 Strategy

Reviewing, monitoring and approving the various strategic plans and investments commitments, capital structure and dividend policy.

4.3 Performance

Reviewing business results and monitoring budgetary controls.

4.4 Integrity of Financial Reporting

Reviewing and monitoring the controls and procedures in place to maintain integrity and consequently reporting to the shareholders.

4.5 Risk Management and Compliance

Monitoring and reviewing the risk management process and compliance with the Kingdom’s laws and regulations.

4.6 Culture and Succession Planning

Monitoring and reviewing the Company’s culture, reputation, ethical standards and succession planning for key management personnel.

4.7 Board Performance and Composition

Monitoring and reviewing the Board performance and have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

5 Promoting Ethical Conduct

The letter of appointment and other corporate policies adopted outlines the code of conduct to guide the Directors and the Executive 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 practices.

The Board aims to ensure that all Directors and the Executive Management personnel should act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

6 Safeguarding Integrity in the Financial Reporting

The Executive 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.

The Board will ensure that a structure to independently verify and safeguard the integrity of the Company's financial reporting is in place.

7 Safeguarding Shareholders' Rights and Interests

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

The Board encourages the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the auditors' report.

8 Risk Management

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

9 Remuneration

The Board must ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has a Remuneration policy in place for its Directors.

Remuneration of non-executive Directors shall not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits.

Remuneration of both Directors and officers should be high enough to attract, retain and motivate persons of the quality needed to run the Company successfully.

Remuneration of the key managerial personnel should be structured so that a significant portion of the total is linked to the Company and individual's performance and aligned with the interests of the shareholders.

10 Board Committees

To help carry out its responsibilities, the Board has established the following Committees and have adopted charters / policies setting out the matters relevant to the composition, responsibilities and administration of these committees:

10.1 Audit Committee

The Audit Committee's role, responsibilities and membership requirement are documented in the Audit Committee Charter approved by the Board.

The role of the Audit Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

The Audit Committee has the authority to conduct or direct any investigation required to fulfill its responsibilities and has the ability to retain, at the Company's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.

10.2 Executive Committee

The Executive Committee's role, responsibilities and membership requirements are documented in the Executive Committee Charter approved by the Board.

The Executive Committee's overall primary responsibility is to perform functions of the Board; when there is a critical need for prompt review and action of the Board and it is not practical to arrange for a meeting within the time reasonably available.

In addition, the Executive Committee will assist the Board in maintaining oversight of NHC's operations, finance, investments and risk management matters.

11 Delegation of Authority

The Board, established Committees, and specific management personnel will execute activities / transactions on behalf of the Company in accordance with the delegated authority limits in place.

The application of the authority limits will be supported by principles of delegation and relevant policies and procedures.

12 Performance Evaluation

At least annually, the Board shall conduct an evaluation of its own performance and the performance of each Committee and each individual Director.

The Board shall report on its evaluation process to shareholders at the Annual General Meeting.

13 Whistle Blower

The Company has a whistle blowing policy for confidential reporting of unacceptable or undesirable conduct.

The Company does not tolerate incidents of fraud, corrupt conduct, adverse behaviour, legal or regulatory non-compliance or questionable accounting and auditing matters by its employees.

14 Insider Trading

The Company has a comprehensive insider trading policy for acquisition and disposal of its securities.