

Banader Hotels Company BSC

Corporate Governance Policy

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1. INTRODUCTION/PURPOSE

This document is formulated to describe the norms, rules and recommended practices to enable the Company to comply with the requirements of Corporate Governance Code and to implement the code both in letter and spirit.

Corporate governance is an internal system that encompasses policies, processes, people, and which makes sure the needs of shareholders and other stakeholders are met in full. This will be accomplished by directing, controlling and managing activities, using good business practices, objectivity, accountability and integrity.

An effective corporate governance structure is derived by strong legislative requirements, corporate culture of the organization, commitment of the Board and senior management towards the corporate governance framework and the approach of the Company to adhere to the code as an integrity programme rather than as a compliance programme.

An effective corporate governance programme cannot only act as savior for the protection of rights of the shareholders and connected stakeholders but can play pivotal role in the control, governance and growth of the company.

2. GOVERNANCE PRINCIPLES

The Company has adopted the following 8 principles to ensure effective governance structure in the Company

- a. The Company shall be headed by an effective, collegial and informed board.
- b. The directors and officers shall have full loyalty to the Company.
- c. The Board must have rigorous controls for financial audit and reporting, internal controls, risk management and compliance with the law.
- d. The Company must have rigorous procedures for the appointment, training and evaluation of the Board.
- e. The Company must remunerate directors and officers fairly and responsibly.
- f. The Board shall establish a clear and efficient management structure.
- g. The Company must communicate with shareholders, encourage their participation, and adhere to their rights.
- h. The Company shall disclose its corporate governance.

3. CONSIDERATIONS UNDER PRINCIPLE - 1

- a. Each board member shall be issued formal appointment letter containing specific responsibilities and the role he/she is required to perform in the control, growth and governance of the Company.
- b. Chairman of the Board assisted by management team shall make sure that each new Board member should go under a proper induction programme so as to enable the Board member to understand and embrace his/her role in the light of the Code. For this purpose company shall devise and adopt a proper induction programmes for new inductees to the Board.
- c. The Board shall adopt a formal board charter specifying matters which are reserved to it, and which shall include but not limited to the specific requirements and responsibilities of directors.
- d. The Chairman of the Board shall take an active lead in promoting the environment of mutual trust, open discussion, constructive dissent and support for decisions.
- e. Minutes of the Board and Committee meetings will be forwarded to the Board Members.
- f. Notice along with Agenda and Explanatory Material will be forwarded to each Board and Committee member prior to any meeting.
- g. The Board's composition will be in accordance with the requirement of Corporate Governance Code and other applicable laws and regulations
- h. The Board shall be headed by an independent director and to ensure proper segregation of duties between Chief Executive Officer (CEO) and Chairman. Chairman and CEO shall not be the same person.
- i. Each Board meeting shall be preceded / followed by the session of Independent Directors, whenever possible
- j. The Board shall devise the policy for participation of senior management in Board meetings with the proviso that confidential matters will not be discussed, unless necessary, in the presence of senior management.

- k. The Board will devise committees for special responsibilities so as to assist the Board in the accomplishment of assigned tasks.
- l. Board members shall attend at least 75% of the meetings held in a financial year.
- m. The Board will devise policy to evaluate the performance of the Board, the respective Committees and each Board member, and will report to the shareholders at each Annual General Meeting about such evaluation.
- n. The Board shall devise a policy to provide each member an access to independent professional advice

4. CONSIDERATIONS UNDER PRINCIPLE - 2

- a. The Board of Directors shall devise code of conduct for directors and each Board member will endorse the code before being appointed to the Board.
- b. All the new inductees will be given a brief of such code in their induction program. Code so developed shall include the dos and don'ts for Director.
- c. Board of Directors shall devise, adopt and implement a 'conflict of interest' policy which shall include all the provisions necessary to ensure the transparency of transactions constituting conflict of interest with respect to directors and officers.
- d. The Board shall establish formal procedure for the periodic disclosure and updating information by each director and officer on his/her actual and potential conflict of interest.
- e. The Company Secretary will keep the record of all such transactions affecting the proposition of the conflict of interest. Such record shall contain all necessary details as the terms, nature of interest and basis of approvals for such transactions.
- f. The Company shall disclose to its shareholders in the Annual Report about the details of the transactions involving conflict of interest and that the same were approved in accordance with the provision of relevant regulatory requirements and policy of the company in this regard. Such disclosure shall also contain exceptions, if any.

5. CONSIDERATION UNDER PRINCIPLE - 3

- a. The Board shall constitute an audit committee of at least 3 members, majority of which shall be independent directors including the chairman and the majority of members shall be financial literate.
- b. The Audit Committee shall be governed by the Audit Committee Charter and relevant laws and pronouncements.
- c. The Audit Committee Charter shall prescribe the roles and responsibilities of the Audit Committee and outline the structure, reporting lines and frequency of the meetings of the Audit Committee.
- d. The Chairman of the Audit Committee shall ensure that the Committee functions in accordance with the stipulated pronouncements of the Corporate Governance Code and is effective enough to meet the underlined objectives.
- e. The Board shall formulate and adopt a whistleblower programme under the supervision of the Audit Committee; the programme will lay down the procedures and reporting lines for communication of possible improprieties in financial or legal matters.
- f. An internal audit function shall be setup, which will report directly to the Audit Committee and administratively to the General Manager.

6. CONSIDERATION UNDER PRINCIPLE -4

- a. The Board of Directors shall constitute Nomination Committee of at least three members as independent directors.
- b. The Committee shall be headed by a chairman who shall be an independent director.
- c. Each proposal by the Board to the shareholders for election or re-election of a director shall be accompanied by a recommendation from the Board, a summary of the advice of the Nomination Committee, and the specific information required under the Code.
- d. The Chairman of the Board shall confirm to shareholders when proposing re-election of a director that, following a formal performance evaluation, the person's performance continues to be effective and continues to demonstrate commitment to the role.
- e. Any term beyond six years (e.g. two three-year terms) for a director will be subject to particular rigorous review, and will take into account the need for progressive refreshment of the Board.
- f. Chairman of the Board assisted by management team shall make sure that each new Board member should go under a proper induction programme so as to enable the Board member to understand and embrace his role in the light of the code. For this purpose the Company shall devise and adopt a proper induction programme for new inductees to the Board.
- g. Chairman of the Board supported by management shall take measures to ensure continued professional development of the Board members so as to enable them to contribute to the objectives of company effectively.

7. CONSIDERATION UNDER PRINCIPLE -5

- a. The Board of Directors shall constitute Remuneration Committee of at least three members as independent directors.
- b. The Board shall formulate a charter for the operation governance and control of the Committee
- c. The Board of Directors shall make sure that the Remuneration Committee functions in accordance with the charter and relevant legal pronouncements.
- d. The Board of Directors shall formulate a comprehensive Remuneration Policy in line with the requirements of the Corporate Governance Code.

8. CONSIDERATION UNDER PRINCIPLE -6

- a. The Board shall devise an efficient and effective management structure which shall include the appointment of all necessary personnels including General Manager / CEO, CFO, Corporate Secretary, Compliance officer and Internal Auditor.
- b. The Board shall make sure that a proper Authority matrix notifying monetary limits is in place and the same is being properly followed, such Authority matrix shall identify the authorities of General Manager / CEO separately.
- c. The Board shall make sure that proper job descriptions or terms of reference where are in place for all key positions of the Management, and the respective Terms of Reference are being followed.
- d. The Board shall make sure that proper succession plan for all key management positions including General Manager / CEO are in place.

9. CONSIDERATION UNDER PRINCIPLE -7

- a. All Directors shall attend and be available to answer questions from shareholders at any shareholder meeting
- b. The Board shall make sure that there are documented guidelines for the notice and proceedings of the meetings, and that the meetings are held in accordance with such guidelines
- c. In particular, the Company shall ensure that the chairs of the Audit, Remuneration Nomination & Governance Committee and Technical Committee are available to answer appropriate questions regarding matters within their committees' responsibility.
- d. The Company shall require its outside auditor to attend the annual shareholders' meeting and be available to answer shareholders' questions concerning the conduct and conclusions of the Audit.
- e. The minutes of the Shareholder meeting must be made available to Shareholders upon their request as soon as possible but not later than 30 days after the meeting.

10. CONSIDERATION UNDER PRINCIPLE -8

- a. The Board of Directors shall constitute Corporate Governance Committee of at least three Independent Directors.
- b. The Board shall formulate a charter for the operation governance and control of the Company. The same shall be adopted by the Corporate Governance Committee so as to ensure that the Committee accomplishes the role assigned to it by the Committee charter.
- c. The Board shall make sure that the Corporate Governance Committee functions in accordance with the charter and relevant legal pronouncements.
- d. The Board shall formulate a programme for disclosures in the Annual Report, Notice and conduct of Annual General Meeting to make sure that all respective documents meet the requirement of Corporate Governance Code.
- e. All necessary disclosure shall be made on Company website and Annual Report