

# Second Rule

## Proper Identification of Tasks and Responsibilities

- The corporate governance framework approved by the board of directors reflects the current tasks and responsibilities of the board of directors, in line with the corporate governance rules, which are summarized in the following;
  - 1) Approval of the significant goals, strategies, plans and policies of the Company, including;
    - a) Laying down the comprehensive strategy for the Company for the main action plans, their revision and direction.
    - b) Preparation of the Company capital structure and its financial objectives.
    - c) Laying down performance objectives, control of execution and comprehensive performance of the Company.
    - d) Update of the organizational and job structures in the Company and conduct periodical reviews on them where a new business division has been created in the company (E-District) specialized in managing electronic applications to serve the expansion goals of Al Mazaya Holding Group, in addition to creating a new department (health care management) concerned with managing medical facilities with the latest methods and capabilities.
  - 2) Approval of the annual estimated budgets and approval of the interim and annual financial statements.
  - 3) Review of the periodical reports received from the executive management in connection with the progress achieved in the Company activity in light of the Company's strategic plans and objectives.
  - 4) Supervising the major capital expenditures of the Company, acquisition and disposal of assets.
  - 5) Verify the extent of the Company's compliance with the policies and procedures which ensure the Company's observance of the applicable internal systems and regulations, with support of the Board of Directors' Audit Committee and Risk Management Committee as the updating of the structure of subsidiaries in the United Arab Emirates and the financial and administrative Delegation of authorities have been completed in line with the regulations.
  - 6) Ensure the accuracy and soundness of the information and data which should be disclosed according to the applicable disclosure and transparency policies and rules.
  - 7) Approval of the Company governance system in a manner which does not contradict with the corporate governance rules issued by the Capital Markets Authority, general supervision over it and controlling the extent of its efficiency and amending it if required.
  - 8) Follow up the performance of each member of the board of directors and executive management according to the objective key performance indicators (KPIs), with the support of the Board's Nominations and Remunerations Committee.
  - 9) Prepare the Company governance report to be read in the annual general assembly of the Company, which comprises the requirements and procedures for completing the corporate governance rules and extent of compliance with them.
  - 10) The Board Audit Committee, Risk Management committee, Nomination & Remuneration committee and Strategic financial planning committee were formed on 13/ 5/ 2019 and the charters of the committees were prepared which outline the committee's duration, authorities, responsibilities. Furthermore, the committees composition resolutions include the members names, outlining their duties, rights and tasks, in addition to the evaluation and performance and works of such committees and their key members according to the details set forth under this report And the Financial and Strategic Planning Committee as detailed in this report.
  - 11) Follow up the work in accordance with the financial and administrative authorities delegated to the executive management.
  - 12) Preparation of Corporate Governance report and submission to CMA within the requested deadline.

• **The Company governance framework, approved by the board of directors, reflects the current tasks and responsibilities of the chairman for 2020 in line with the corporate governance rules, summarized in the following:**

- 1) Ensure the board's discussion of all fundamental matters efficiently and in the proper time.
- 2) Support and assist the executive management and almost daily coordination with the CEO to follow up the operations of the holding company and subsidiary companies.
- 3) Represent the Company towards third parties, as stipulated under the Company articles of association.
- 4) Encourage all members of the board of directors to participate completely and efficiently in transacting the Board affairs to ensure the Board's undertaking of actions in favour of the Company.
- 5) Ensure actual communication with the shareholders and submit their opinions to the board of directors.
- 6) Encourage constructive relations and efficient participation between each of the board and the executive management.
- 7) Create a culture encouraging constructive criticism on the issues on which there is a disagreement in views between the board members.

• **The Company has a qualified executive management team with a high standard of competence. The corporate governance framework reflects the current tasks and responsibilities of the executive management, with which it complies, in light of the powers and authorities granted and approved by the board of directors. achievements of the current executive management during the year 2020 are the following Summarized in the following:**

- 1) Execute all the Company internal policies, rules and regulations, as approved by the board of directors.
- 2) Execute the annual strategy and plan approved by the board of directors.
- 3) Prepare periodical reports (financial and non financial) in connection with the progress made in the Company's business present such reports to the board of directors. Including feasibility studies, financial and technical reports on the company's current and emerging projects, including:

- Sky Court
- Q-Point
- Ritim Istanbul mall Project – Turkey.
- Oman Residence Project Zone 1 & Zone 2 – Sultanate of Oman.
- Q-line Project R10 – UAE.
- Clover Subah Al Salem Project – Kuwait.
- Mazaya Clinic 3 (Bnaid AlQar) -Kuwait
- Mazaya Towers – Kuwait
- Clover Center Jabriya – Kuwait
- Mazaya logistics – Kingdom of Bahrain
- Sky Gardens – UAE
- Indigo – UAE
- Almaather Towers – KSA
- AlOlayya Tower – KSA
- Mazaya Clinic 4 Hawally – Kuwait
- Mazaya Clinic 5 Jabriya - Kuwait

• Lay down an integrated accounting system which keeps records, registers and accounts that reflect in details and accurately the financial statements and income accounts, which permit preserving the Company's assets and preparation of the financial statements according to the international accounting standards approved by the Capital Markets Authority. The advanced accounting system (Microsoft D365 F&O) provides the ability to issue consolidated financial statements at the company and subsidiary level with high efficiency and quality.

• Manage daily work and direction of the activity, in addition to the management of the Company resources in the optimum manner, gratify profits and reduce costs, in line with the Company goals and strategy.

• Efficient participation in the building and development of ethical values culture in the Company.

• Lay down internal control systems and risks management, and ensure the efficiency and sufficiency of such systems, and concern for compliance with the risks appetite approved by the board of directors.

• Development of the infrastructure for information technology to provide the required data and information to take decisions in line with the Company expansion requirements and strategy The Company has developed an IR Application that allows them to quickly access information about the company's current performance, as well as access to historical information and latest development.

• Lay down a clear working mechanism in connection with following up the regulatory decrees and law relevant

to the Company's nature of work in order to ensure strict compliance and implementation of the same.

- Prepare the key performance indicators (KPIs) for all the Company personnel and evaluate their accomplished tasks in a periodical manner.
- Form the Employees Relations Committee (ERC) which reviews the grievances submitted by personnel and submits recommendation in this respect to the Group CEO in the right time and in strict confidence.

## • Board of Directors Committee

### 1) Audit Committee:

The Audit Committee is formed of three members according to the board of directors decree dated 13 May 2019 for a period of three years

Committee members	Post	Member classification	Committee Meetings								
			1/2020	2/2020	3/2020	4/2020	5/2020	6/2020	7/2020	8/2020	9/2020
Mr. Abdulhameed Mohamed Mihrez	Committee chairman	Non executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Khaled Al Othman	Committee member	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Eid Abdallah Al Rasheedi	Committee member New	Non executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Committee duties</b>	<ul style="list-style-type: none"> <li>- Review of the periodical financial statements before presenting them to the board of directors, express the opinion and recommendation in this respect to the board of directors for the purpose of ensuring the fairness and transparency of financial reports, ensure the soundness and integrity of the financial reports and the Company internal control systems. The Committee held its periodical (quarterly) meetings in which the financial reports issued by the Company financial sector and the external auditor's office were discussed. The Committee submitted a recommendation for their approval to the board of directors. The financial reports guarantee and integrity mechanism forms were signed for each quarter</li> <li>- Follow up of the external auditors' works and ensure that they only submit the services required by the auditing profession to the Company.</li> <li>- Study the external auditors' remarks on the Company financial statements and follow up the developments in this respect.</li> <li>- Study the applicable accounting policies and express the opinion and recommendation to the board of directors in this respect.</li> <li>- Technical supervision over the Internal Audit Unit in the Company in order to verify the extent of its efficiency in executing the works and tasks outlined by the board of directors.</li> <li>- Review of the transactions and dealings with the related parties and submit suitable recommendations in this respect to the board of directors.</li> <li>- Evaluate the extent of adequacy of the internal control systems applied in the Company and prepare a report comprising the opinion and recommendation of the Committee in this respect.</li> <li>- Reviewing the internal audit reports submitted by the internal auditor and providing feedback. The committee reviewed the progress of the internal audit work for the various divisions / departments of the company. The Committee also reviewed the responses of the concerned divisions/departments and verified that the necessary corrective measures have been taken in connection with the observations raised in the reports.</li> <li>- In connection with the reports of the regulators, there were no remarks issued.</li> <li>- Review of the annual report of the Legal and Compliance Department.</li> <li>- Recommend to the board of directors to appoint and re-appoint external auditors or change them and fix their fees. It has been recommended to approve appointing of (RSM Albazie &amp; Co.).</li> <li>- Recommend the reappointment of Russell Bedford to the Board of Directors (represented by the partner Dr. Eyad A. Al Rashaid to conduct the internal audit service accordance with the regulations and laws.</li> <li>- Recommend the reappointment of Russell Bedford to the Board of Directors (represented by the partner Dr. Saad Al Bloushi to conduct the ICR of the Company in accordance with the regulations and laws.</li> </ul>										

## 2. Risk Management Committee

The Risk Management Committee is formed of three members according to the board of directors' decree issued on 13 May 2019 for a three years period.

Committee members	Post	Member classification	Committee Meetings				
			1/2020	2/2020	3/2020	4/2020	5/2020
Mr. Abdulrahman Mohamed Al Shared	Committee chairman	Non executive	✓	✓	✓	✓	✓
Mr. Mohamed Khaled Al Othman	Committee member	Independent	✓	✓	✓	✓	✓
Mr. Eid Abdallah Al Rasheedi	Committee member	Non executive	✓	✓	✓	✓	✓
<b>Committee duties</b>	<ul style="list-style-type: none"> <li>- Prepare and review the Risk Management Unit's strategies and work methodology and submit them to the board of directors, ensure the execution of such strategies and policies and that they are suitable with the nature and size of the Company's activities.</li> <li>- Ensure the availability of the sufficient resources and systems for risk management.</li> <li>- Evaluate the systems and mechanisms for determining, measuring and following up the various types of risks to which the Company may be exposed, in order to determine their shortcomings.</li> <li>- Assist the board of directors to identify and evaluate the acceptable level of risks in the Company, ensure that the Company does not exceed this level of risks following its approval by the board of directors.</li> <li>- Review of the transactions and dealings with the related parties and submit suitable recommendations in this respect to the board of directors.</li> <li>- Review the organizational structure of the Risk Management Unit and lay down the recommendations in this respect and submit them to the board of directors. It has been recommended to mandate the tasks of the Risks management to Boubyan Consulting to prepare periodical reports concerned with the management and assessment of the Company risks.</li> <li>- To ensure that the entity in charge of management has full understanding of the risks surrounding the Company.</li> <li>- Prepare reports on the nature of risks to which the Company is exposed and submit such reports to the Company board of directors where the effects and risks resulting from the Covid 19 pandemic were taken into consideration, and a comprehensive special report was made on all risks that the company might be exposed to and submitted to the Board of Directors.</li> </ul>						

### 3. Nominations and Remunerations Committee:

The Nominations and Remunerations Committee is formed of three members according to the board of directors' decree issued on 13 May 2019 for a three years period.

Committee members	Post	Member classification	Committee Meetings		
			1/2020	2/2020	3/2020
Mr. Rashid Yaccoub Al Nafisi	Committee chairman	Non executive	✓	✓	✓
Mr. Mohamed Khaled Othman Al Othman	Committee member	Independent	✓	✓	✓
Mr. Abdulhameed Mohamed Deeb Mihrez	Committee member	Non executive	✓	✓	✓
<b>Committee duties</b>	<ol style="list-style-type: none"> <li>1) Recommend the acceptance of the nomination and re-nomination of members of the board of directors and executive management.</li> <li>2) Review the remunerations policy of the board of directors and executive management members, determine the various segments of remunerations to be granted to employees such as the fixed remunerations segment, performance related segment, remunerations in the form of shares segment, end of service indemnities, benefits, advantages and other allowances segment, and review of the employees annual evaluation reports.</li> <li>3) Lay down the job description for the non executive members and independent members.</li> <li>4) Ensure that the independence capacity of the independent member of the board is not eliminated.</li> <li>5) Prepare a detailed annual report on all the remunerations offered to the board of directors and executive management members, whether they are in the form of amounts of money, advantages or privileges, regardless of their type and name, and ensure the presentation of this report to the Company general assembly for approval and that it is read by the chairman.</li> </ol>				