

CORPORATE GOVERNANCE

OUR GOVERNANCE FRAMEWORK

We are committed to upholding the highest standards of corporate governance.

SEDCO's corporate governance, encompassing nine key elements, is grounded in the core principles of fairness, transparency, accountability, and responsibility.



Shariah, legal and regulatory compliance



Shareholder's objectives and directives



Family and corporate culture



Family and Board of directors and Board committees



Independent external auditor and internal auditors



Executive Management



Policies and procedures



Timely disclosure and communications



Best-practice governance standards

Our commitment to these principles has earned us an exceptional track record, recognized by the Institute of Directors, which has lauded our practices as among the best in the region.

CORPORATE GOVERNANCE DEVELOPMENTS IN 2024

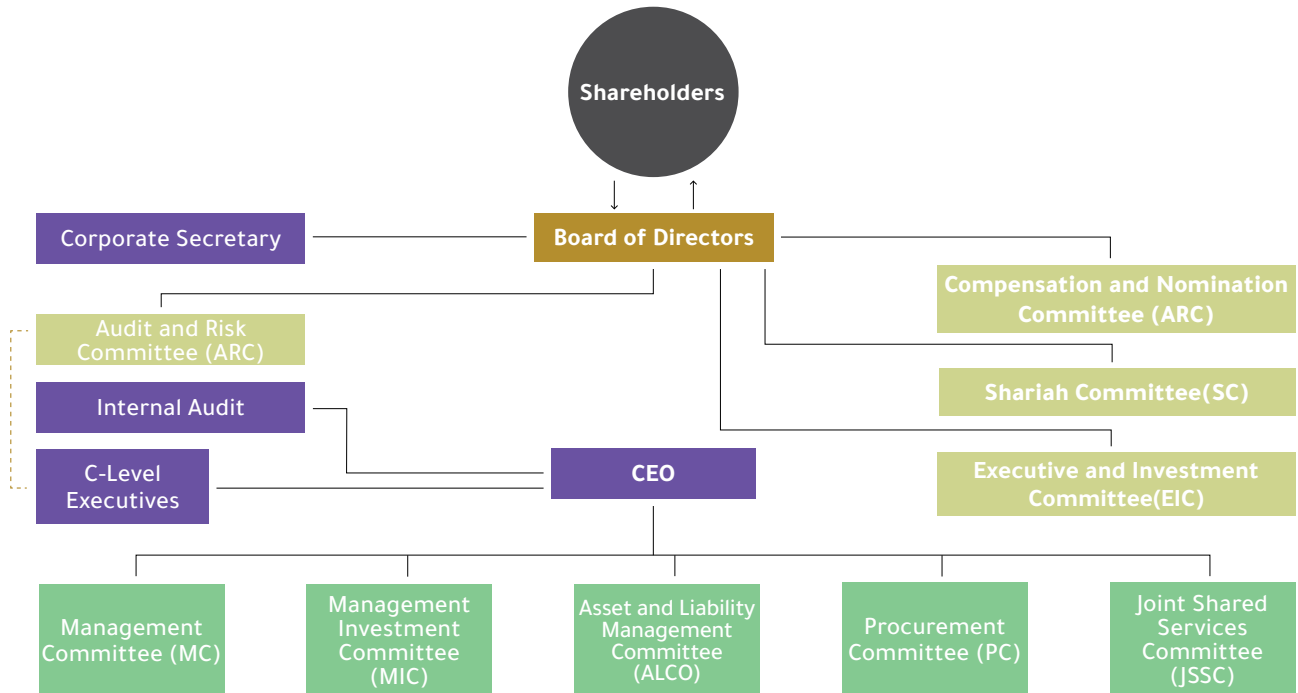


Following a specialist-led review of our Corporate Governance Manual in the previous years; we updated our Corporate Governance standards in 2024; in accordance with changes to legislation and regulation.

- ✓ Amendments included implementation of the three lines of defense concept to Risk Management, and addition of further details and guidelines for addressing shareholder relationships and expectations, and establishing and operationalizing internal controls. SEDCO's updated Corporate Governance Manual also reflects changes in the governance structure, and matters related to the Board and Board Committees. Successful implementation of the Chronograph platform, in 2024, has enabled greater automation and better data analysis for decision-makers at the Board level.
- ✓ In collaboration with our Internal Audit team, we developed comprehensive policies, procedures, and guidelines for key departments. Company policies and Board Committee charters were also reviewed and updated for clarity and efficiency.

- ✓ Corporate Governance Manual (February 2024)
- ✓ Corporate Delegation of Authorities Manual (February 2024)
- ✓ Audit and Review Committee Charter (ARC)
- ✓ Compensation and Nomination Committee Charter (CNC) (December 2023)
- ✓ Executive and Investment Committee Charter (EIC) (December 2023)
- ✓ Significant restructuring for SEDCO's Internal Audit (IA) function as Methak Holding and Salem Bin Mahfooz Foundation (SBMF) were integrated into the scope for the department. At the same time, establishment of stand-alone IA departments within SEDCO's affiliates - Elaf and MAFAS, has shifted the role of IA to provision of support and guidance.
- ✓ Institution of new KPIs for our IA function in order to better align with stakeholder expectations, allocate resources effectively, and improve overall efficacy of internal oversight.

To ensure accountability, strategic oversight, and open communication across operations, we have established specialized Board Committees that support our highest governing body in discharging their duties and responsibilities. Delegation of authority to Board Committees and other key functions is governed by a comprehensive set of policies, regularized processes, and well-established practices.



BOARD COMMITTEES

No.	Committee	Members	Functions
1	Audit and Risk Committee (ARC)	Abdulraouf Manna Matthew Eyton Jones Ghazal BinMahfouz Saleh Mugbel Alkhalaf Khaled Al Khwaiter	Reviews, approves, or recommends on matters related to internal and external audits, financial reports, risk management, and legal and compliance affairs.
2	Compensation and Nomination Committee (CNC)	Simon Palethorpe Abdulraouf Manna Sameer Baarma Jumana BinMahfouz	Reviews, approves, or recommends on matters related to compensation, nominations, corporate governance, human development, and organizational structure.
3	Executive and Investment Committee (EIC)	Yaser BinMahfouz Zeyad AlHekail Matthew Eyton Jones Bader BinMahfouz	Reviews, approves, or recommends on strategy, budgeting, investment and divestment decisions, financial performance, CSR, and ESG.
4	Shariah Committee (SC)	Abdulaziz Al Qassar Yousef Al Shubaily Khalid Gama	Verifies the Shariah governance framework's adequacy and effectiveness, and supports the Board in overseeing Shariah investment and financial decisions.

MANAGEMENT COMMITTEES

No.	Committee Name	Responsibilities
1	Management Committee (MC)	Conducts performance reviews, assists the CEO with strategic direction, resource allocation, performance metrics, and risk and compliance management, as delegated by the CEO.
2	Management Investment Committee (MIC)	Assists the CEO and EIC with investment and divestment decisions, strategy, and finance through reviews, approvals, and recommendations, operating under the CEO's delegated authority.
3	Asset and Liability Management Committee (ALCO)	Reports to the CEO. Manages SEDCO Holding's asset and liability risks, including interest rate, liquidity, and credit risk. Strategically manages balance sheet and liquidity to mitigate financial position risks. Regularly monitors and evaluates balance sheet for variances from strategic targets, budgets, and policies regarding profits, liquidity, and risk aversion.
4	Procurement Committee (PC)	Reports to the CEO. Monitors SEDCO Holding's annual procurement spend and advises management on optimizing value. Develops and oversees the annual procurement strategy and budget, provides procurement activity oversight, and appoints project working groups for complex projects.

FUNCTIONING OF THE BOARD

As part of our updated Corporate Governance Manual, we have established guidelines for Board competence, training, and assessment, which are vital for effective governance. These systems ensure board members possess the necessary skills and knowledge, maintain high performance standards, and align with evolving best practices and regulatory requirements.

Training for Board Members is tailored based on existing skills and capabilities, future needs, and expertise that Board Members would require at SEDCO's affiliates. Additionally, we follow a standardised Board evaluation process, with routine effectiveness evaluations, which assesses the performance of the Board based on criteria outlined in the Company's Corporate Governance Manual.

Foundational Training	Periodic Refreshers	Leadership Development	Specialized Functional or Topical Training
Essential corporate governance training is delivered to new Board Directors - covering legal duties, boardroom etiquette, decision-making, committee functions, and stakeholder interactions.	Continuous board refreshers focus on updating our Board on regulatory updates and legal changes. They also serve to improve financial oversight, risk management, and strategic oversight by developing related skills.	Targeted training and development that specifically targets Board representatives with high potential to be retained on multiple boards.	Specific, need-based trainings deliver in-depth knowledge on functional topics like finance, risk, and governance for high-potential board members.
Annual sessions ensure all new members are properly onboarded.	Refreshers occur every six months or upon significant changes in the regulatory environment.	Annual sessions, offered to selected candidates, focus on effective leadership styles, meeting facilitation, negotiation, personal effectiveness, and other essential skills.	Tailored courses, offered every six months, address the specific needs of Board members or affiliates.

INTERNAL AUDIT FUNCTION

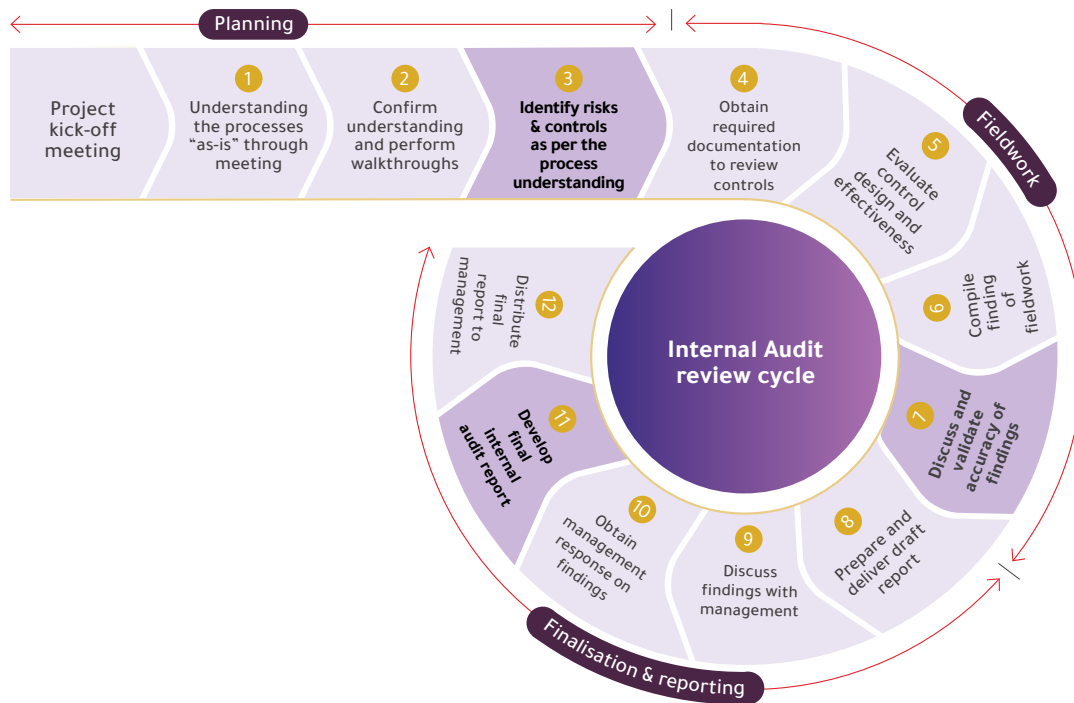
SEDCO's Internal Audit Department (IAD) is staffed by qualified professionals possessing extensive internal audit and industry experience, coupled with an in-depth understanding of risk and control processes. The team holds essential professional competencies and certifications, including Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA). These certifications necessitate ongoing Continuing Professional Education (CPE) to maintain currency with evolving industry standards and practices.

IA Actions in 2024

- ✓ Introduced Global Internal Audit Standards (GIAS), and assessed gaps for implementation.
- ✓ Conducted six audits, covering SEDCO and subsidiaries, and followed-up on five completed departmental audits to implement corrective action plans.
- ✓ Developed comprehensive policies, procedures, and guidelines for key departments; and reviewed Company policies and Board Committee charters.
- ✓ Completed audits of the majority of the Company's mega-processes and successfully addressed the highest-priority, high-risk items across all departments.

AUDIT CYCLE

TeamMate+, a comprehensive audit management software, streamlines the IAD's audit cycle. External Quality Assurance (EQA) assessments, by the Institute of Internal Auditors (US IIA), are conducted every five years; the most recent was in 2020.



ESG GOVERNANCE

SEDCO Holding's ongoing review of its Corporate Governance Framework incorporates ESG factors and other material topics. These changes detail our commitments to Environmental, Social, and Governance pillars, and outline the Board and its committees' oversight of ESG matters.

Recognizing the pivotal role of ESG in our strategy, the Sustainability Council—comprised of SEDCO Holding members and representatives from affiliated organizations—collaborates with the Corporate Communications and Sustainability Team. This collaboration focuses on reviewing climate-related risks and opportunities, and assessing the potential ESG impacts of SEDCO Holding's strategic roadmap. Our ESG strategy includes a continued commitment to reducing the environmental impact of our operations, particularly greenhouse gas emissions.

RISK MANAGEMENT

SEDCO Holding operates in a complex and constantly evolving investment environment, where effective management of risk is a critical part of operations. We are in the process of developing a Risk Management (RM) Policy and a set of RM Procedures, which would guide our operations within approved risk tolerance levels. Plans are in place for activation of a dedicated RM function and implementation of the policy, in 2025. Development of RM Policies and Procedures are part of SEDCO's company-wide review of policies and procedures (P&P).

FUTURE GOVERNANCE DEVELOPMENTS IN 2025/26

Completion of our Policies and Procedures Project, which includes developing and reviewing departmental policies across SEDCO Holding with a designated third-party.

Plans are in place for a Board to be appointed for existing Special Purpose Vehicle Companies (SPVs).

With groundwork already set up, and Risk Management policy and procedures in development, we expect SEDCO's dedicated Risk Management function to come on board in 2025.

OUR CODE OF BUSINESS CONDUCT

SEDCO's Code of Business Conduct is the cornerstone of our ethical culture, guiding employees at all levels in their daily operations. In 2024, SEDCO Holding conducted a training session for selected employees to enhance compliance awareness and knowledge. Our commitment to integrity and accountability is reflected in our outstanding track record, with no instances of non-compliance reported during the year.

The Code mandates adherence to all applicable laws and regulations and addresses critical areas such as conflicts of interest, integrity, insider trading, gifts and entertainment, and anti-money laundering. It provides clear guidance on navigating ethical issues and offers confidential reporting channels for addressing unethical conduct internally. Applicable across all SEDCO activities, the Code extends to our suppliers, contractors, and consultants. An Anti-Money Laundering and Terrorist Financing (AML/CTF) Policy, which includes a comprehensive screening process, is currently under development.

Integrated into our Corporate Governance framework and Human Resources policies, the Code is reinforced by dedicated policies like the Personal Conduct Policy and the Proper Business Practice Policy, all integral components of our Governance, Risk, and Compliance (GRC) project and incorporated in the updated Corporate Governance Manual.

Implementation and oversight of the Code are a collaborative effort involving SEDCO's Legal Department, the Corporate Communication and Sustainability Department, and the Human Resources Department, which manages staff training and communication. The Code is readily accessible to all employees, outlining their rights and providing clear procedures for raising concerns, including anonymous reporting via a dedicated email channel.

EXTENDING OUR RESPONSIBLE PRACTICES

While the management teams of our portfolio companies are responsible for ethics and compliance oversight, SEDCO Holding conducts a top-level review for majority-owned entities, which complements management's responsibilities. This includes self-assessments of Audit and Risk Committee (ARC) and Internal Audit charters, and ongoing compliance monitoring across SEDCO Holding and select affiliates.

We are currently in the process of developing a Whistleblowing Policy, which would further our efforts to develop a culture of ethical conduct, while also improving accountability and openness within the Company. The policy will include clear pathways to raise concerns or report incidents, and also set out robust processes to address and resolve the same.

SEDCO's Quality Assurance and Improvement Program ensures ongoing evaluation. Internal assessments, conducted annually by department heads or qualified personnel, are complemented by external evaluations at least every five years by independent assessors. The Vice President of Internal Audit presents findings from both internal and external assessments to senior management and the Audit and Risk Committee (ARC).

SHARIAH COMPLIANCE

Recognizing the scale and complexity of SEDCO's operations, the Board of Directors established a dedicated Shariah Committee in 2022. This committee oversees the Shariah governance framework and supervises all investment decisions.

In 2023, a Shariah compliance template was developed for implementation across our Corporate and Real Estate investment sectors. Adhering to Shariah principles, all potential investment opportunities require verification by Compliance in alignment with the Shariah Advisor, a member of the Shariah Committee, before proceeding.

To further strengthen Shariah compliance, the Legal Department established a dedicated Shariah Division. Comprising two legal team members, this division facilitates effective coordination and communication between the Shariah Committee and SEDCO Holding management.

2024, incorporating the Shariah Compliance template. All third-party assessments are presented with investment opportunities or otherwise approved by the Shariah Advisor.