



Shareholders' Rights & Obligations

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Shareholders' Rights and Obligations

Pursuant to the Memorandum and Article of Association of Bahrain National Holding Company B.S.C and in accordance with the Commercial Companies Law No. 21 of the year 2001 and its amendments, Corporate Governance Code, the laws of Bahrain Bourse and the Central Bank of Bahrain laws and regulations, the shareholders shall have the following rights and obligations:

Shareholders Rights:

Each share entitles its owner to equal rights and obligations. Each shareholder will particularly enjoy the following rights:

1. To receive his/her share of dividends in the event a resolution is passed to distribute the same to the shareholders.
2. To receive his/her share of the company's asset upon liquidation.
3. To take part in the management of the company's business according to the provisions hereof.
4. To receive a printed report, following each financial year, containing the balance sheet, profit and loss account, Board of Directors report and the Auditor's report.
5. To file a nullification suit against any resolution passed by the General Meeting or the Board of Directors which is inconsistent with the Law, its Implementing Regulations, public order, the Company's Memorandum of Association or to these Article of Association.
6. To dispose of the shares he/she owns and to have a priority in subscribing for new shares.
7. The right to access company's registration certificates.
8. To sue the company for the court's judgment as it deems appropriate if its affairs are or are being conducted in an unfair manner prejudicial to the interests of one or more shareholders in accordance with the provisions of the law.
9. Any other right provided for in accordance with the laws of the Kingdom of Bahrain.

Conduct of Shareholders' Meetings:

The Board of Directors shall observe the requirements of the Commercial Companies Law in respect of the shareholders general meetings. In organizing such meetings, the Company shall observe the following:

1. The invitations to shareholders' ordinary and extraordinary general assembly meetings shall be clear and not misleading and shall include an explanation of the items to be discussed at these meetings.
2. The Board of Directors shall encourage the greatest possible number of shareholders to attend general assembly meetings by choosing the appropriate place and time for holding such meetings.
3. The Company shall give the shareholders the opportunity to vote without discrimination, keep them informed of all the rules governing the voting procedures and the information relating to the voting rights on a regular basis, and avoid any action that hinders the use of this right. The shareholder may appoint, in writing, a proxy who is not a director and not a member of the Company to attend the general assembly meetings, provided that the proxy shall be treated as the principal in the discussion and voting. The proxy form shall list all agenda items and shall specify the shareholder's vote (as "yes", "no" or "abstain").
4. Prior to the general assembly meeting, shareholders shall have adequate access to information on agenda items, particularly the Board of Directors Report, Auditor's Report, financial statements and Corporate Governance report, to enable them to make informed decisions thereof.
5. The Board of Directors shall include each substantially separate topic in a separate agenda item to ensure that unrelated issues are not bundled together under one item and shall not put the transactions and contracts in which directors have a direct or indirect interest in one item to ensure that each item is voted separately.
6. In meetings where directors are to be elected or removed, the Board of Directors shall ensure that each person has been voted for separately, so that the shareholders can evaluate each person individually.
7. The shareholders shall have the right to discuss the issues on the agenda of the general assembly meeting, including corporate governance, and to ask questions thereon to the

Directors and external auditor. These questions shall be answered to the extent that they do not jeopardize the Company's interest.

8. The minutes of the general assembly meeting shall be made available to shareholders. The company shall provide the competent authority with a copy thereof within fifteen (15) days from the date of the meeting.
9. Disclosure of all material facts shall be made to the shareholders by the Chairman prior to any vote by the shareholders.
10. The Company shall require all Directors to attend the meeting of the shareholders and answer all of their questions, in particular, ensure the attendance of the Chairmen of the Audit and Nomination, Remuneration and Governance committees and that they are ready to answer appropriate questions regarding matters within their committee's responsibility and competence.
11. The Company shall assign a specific section on its website to describe shareholders' rights to participate and vote at each shareholders' meeting and shall post significant documents relating to meetings including invitations, proxies, and minutes.
12. The Company shall work on considering the possibility of developing electronic means for Shareholders' communications including appointment of proxies. For confidential proprietary information, the company shall grant a controlled access to such information to its shareholders.

Direct Shareholders' Communication:

The Chairman and other Directors shall maintain ongoing personal contact with key shareholders to solicit their views and understand their concerns. The Chairman shall ensure that the views of shareholders are communicated to the Board as a whole. The Chairman shall discuss governance and strategy with key shareholders. Given the importance of market monitoring to enforce the "Comply or Explain" Principle, the Board of Directors shall encourage shareholders, particularly institutional investors, to help in evaluating the company's corporate governance.

Controlling Shareholders:

In companies with one or more controlling shareholders, the Chairman and other directors shall actively encourage the controlling shareholders to use their position responsibly and to fully respect the rights of minority shareholders.

Shareholders Obligations:

1. Each shareholder shall in particular observe the following obligations:
 - a) To pay the amounts which have been previously agreed upon regarding the paid-up capital or any increase of such capital.
 - b) To pay the expenses incurred by the Company in recovering the overdue amounts due from him regarding the paid-up capital.
 - c) To refrain from any act that may be harmful to the Company.
 - d) To implement any resolution that may be lawfully passed by the General Meeting.

2. The General Meeting of the shareholders may not:
 - a) increase the financial liabilities of the shareholders nor increase the value of the share except within the ambit of the Commercial Companies Law;
 - b) impose any new conditions other than those contained in the Articles of Association of the Company with respect to the right of a shareholder to attend General Meetings and vote thereat; and
 - c) restrict the right of a shareholder to institute action against all or some of the Directors in respect of compensation for damages suffered by him pursuant to the provisions of the law.