هيئة الأوراق المالية

Jordan Securities Commission

ESG Code

Foreword by Chairman of Jordan Securities Commission

At the Jordan Securities Commission (JSC), we are shaping the future of Jordan's capital market—a market founded on resilience, transparency, and the creation of sustainable value.
Today, sustainability is no longer a choice; it has become a fundamental driver of competitiveness, investor confidence, and long-term growth. Leading capital markets are those that take the initiative, establish clear expectations, and align with internationally recognized standards.
Guided by this vision, we are proud to launch the Environmental, Social, and Governance (ESG) Code for Listed Companies in the Hashemite Kingdom of Jordan.

On behalf of the Board of Commissioners of the Jordan Securities Commission, I would like to express our sincere appreciation to the International Finance Corporation (IFC) for its strategic partnership and valuable technical expertise in the development of this Code. We also extend our gratitude to all stakeholders and capital market institutions whose constructive collaboration played a pivotal role in developing a practical and forward-looking framework that reflects the aspirations of Jordan's capital market.
This Code has not been developed in isolation from the national context. Rather, it reflects Jordan's strategic priorities, including the Kingdom's commitments under the Paris Agreement, the National Green Growth Agenda, and the legislative framework that promotes sustainable investment and responsible economic development.
Our message is clear: Environmental, Social, and Governance (ESG) practices have become an integral part of how companies are governed, how risks are assessed and managed, and how long-term value is created.
Through this Code, we are establishing a new benchmark for Jordan's capital market—one that strengthens transparency, reinforces corporate governance, and promotes the effective identification, management, and disclosure of sustainability-related risks and opportunities. By aligning the Code with the IFRS Sustainability Disclosure Standards—IFRS S1 and IFRS S2—issued by the International Sustainability Standards Board (ISSB), we are positioning Jordan within a trusted global reporting framework that meets the expectations of investors and other market participants.
We have adopted a practical and phased implementation approach, beginning with companies included in the ASE 20 Index, under the principle of "Apply and Explain."

This Code represents a strategic milestone in the development of Jordan's capital market. It will enhance investor confidence, improve market efficiency, and strengthen Jordan's ability to attract high-quality, long-term investment.

As Chairman of the Jordan Securities Commission, and together with the Board of Commissioners, we reaffirm our commitment to making this Code a cornerstone of the next phase of capital market development in Jordan.
We call upon boards of directors and executive management to embrace this transformation by embedding sustainability principles into corporate strategy, governance frameworks, and decision-making processes.

The Jordan Securities Commission remains firmly committed to continuously strengthening the regulatory framework in line with international best practices.

Sustainability is no longer a choice; it is the foundation of trust, competitiveness, and long-term value creation in the capital market.

Emad Abu Haltam
Chairman of the Jordan Securities Commission

A. Code Introduction

The global pressure to address sustainable development and in particular, the urgency to address climate change matters, has grown exponentially in recent years. This Environmental, Social and Governance (ESG) Code for Companies in Jordan (the Code or the ESG Code) aims to enhance company structures, strategies, policies and practices to govern and manage the company for long-term value creation, sustainability and resilience.

In the Code, the terms ESG and sustainability are used interchangeably.

The Code comprises Part B, Part C and Part D in the following document.

The Code is to be considered a foundational step in the establishment of ESG requirements. Mandatory application of the Code will be introduced in a phased manner. All listed companies are eligible to apply the Code.

The first companies required to apply the Code are ASE 20 companies.

Starting in the 2027 financial year, ASE 20 companies are required to apply this Code on an 'apply and explain' principle, meaning they should apply the Code, explain how it is applied or, where application is not possible, explain why and outline the proposed application steps and timeframe to application.

Non-ASE 20 listed companies will be required to apply this Code at a later date, which is yet to be announced by the Jordan Securities Commission (JSC).

JSC may issue further detailed guidance on specific areas covered in the Code, as determined by JSC.

Sustainability regulations, policies and practices are evolving and standards and methodologies changing. It is recommended that companies stay current with global developments in the area of sustainability and sustainability reporting.

Jordan, through the Jordanian Securities Commission (JSC), is determined to ensure that Jordanian companies remain at the forefront of corporate reporting. JSC seeks to ensure that Jordanian listed companies are an attractive proposition for domestic and international investors and that they remain competitive and suitably positioned to attract investment both currently and in the future.

JSC has the responsibility to ensure that companies disclose fully and accurately any ***material information***[1] required by investors and related to public issues of securities.[2] Thus, the increasing materiality of sustainability matters to issuers therefore necessitates the implementation of additional disclosure requirements. JSC is also committed to providing protection to investors,

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[1] The meaning of material' may differ across jurisdictions. In this Code, 'materiality' is defined a used in IFRS. IFRS S1 requires that an entity disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term. These risks and opportunities are collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.' In ISSB Standards, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users. Primary users are existing and potential investors, lenders and other creditors.
See also a more detailed discussion on Materiality in IFRS Guidance, *Sustainability-related Risks and Opportunities and the Disclosure of Material Information,* accessible at https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/issb-materiality-education-material.pdf

[2] See JSC's responsibilities on the JSC website, accessible at: https://www.jsc.gov.jo/page/en/jsc_responsibilities

developing the market and implementing instructions for disclosing information related to the stock market[3].

Investors seek investments that promise long-term growth in sustainable companies. In their investment decision making, investors consider risks and opportunities in areas relating to the environmental, social, and governance (ESG) matters. Clarity concerning company strategies, as well as concerning management of sustainability and ESG risks and opportunities are key to investors, who rely on the availability of quality sustainability data.

In responding to such global trends, JSC has developed this ESG Code, which consists of good practices based on globally-recognized standards to ensure companies disclose adequate, reliable, decision-useful and comparable sustainability information. The Code is aligned with the global baseline set by the International Sustainability Standards Board (ISSB) of the International Financial Reporting Standards (IFRS) Foundation. Specifically, the Code requires the application of IFRS S1 General Requirements for Sustainability-related Disclosures and IFRS S2 Climate-related Disclosures.

The Code should be read in conjunction with the Jordan Companies Law No 22 of 1997 (CL), as amended, and other applicable laws and regulations.

The Code will address information and dialogue between a company, its present and future investors and stakeholders, on the evolving landscape of corporate sustainability, especially focusing on environmental, social, and governance challenges. These challenges should be reflected in company structures, strategies, policies, and practices, as well as in management and governing bodies' efforts to manage and oversee sustainability risks and opportunities for long-term value creation and resilience.

It is important to note that due to the interconnectedness of elements of corporate governance, some Code requirements could be placed in several parts of the Code. Such requirements will appear only once within the Code and will not be repeated in different places.

Finally, the Appendices attached to this document are included for clarification or guidance purposes only.

Every company differs in its business model, stage of development, and its risks and opportunities, including those related to sustainability. The company itself must determine which topics are material to its own operations, its investors and other stakeholders, and report on these material issues.

Working in the field of ESG, JSC is one of several influential organizations committed to obtaining better sustainability action and information from Jordanian companies[4] and in Jordan in general. Other initiatives encouraging good ESG practices and sustainability and climate reporting in Jordan include:

- Paris Agreement - Jordan is a signatory to the Paris Agreement to reduce greenhouse gas emissions by 31% by 2030. In 2015, the Jordanian Government published its 'Jordan 2025' vision and strategy - an "initiative for sustainable development based on social, economic and environmental goals".

[3] Ibid.

[4] The JSC instructions on Corporate Governance for Shareholding Listed Companies (2017) emphasizes transparency and accountability in corporate practices.

National Green Growth Plan - the Jordanian government has a National Green Growth Plan for Jordan (2021-2025) and addresses the issue of climate change in its National Energy Strategy.

- The Environment Protection Law (No. 6 of 2017) establishes a framework for environmental management. The Investment Law (No. 21 of 2022) encourages sustainable investment practices and promotes foreign and local investment that respects social and environmental standards.
- Private-sector initiatives such as sustainability training and resources provided by the Jordan Chamber of Commerce. Furthermore, audit firms and consultancy services firms offer sustainability audit and assurance services.

o **International Financial Reporting Standards (IFRS) and IFRS Sustainability Disclosure Standards.**

The standards to be applied in Jordan are: IFRS Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board of the IFRS Foundation, for financial information; and the IFRS Sustainability Disclosure Standards on sustainability-related risks and opportunities, issued by the International Sustainability Standards Board (ISSB) of the IFRS Foundation.

Sustainability reporting shall apply IFRS Sustainability Disclosure Standards IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1 or S1)[5] and IFRS S2 *Climate-related Disclosures* (IFRS S2 or S2)[6]. Regarding any topic for which IFRS has no sustainability disclosure standard, a company may choose the frameworks or standards it applies, in compliance with IFRS S1 paragraphs 57 and 58. In such cases, the company should state the standards it is applying in addition to the IFRS Sustainability Disclosure Standards.

In identifying sustainability risks and opportunities that may be reasonably expected to affect a company's prospects, the company shall also refer to industry or sector-specific disclosure topics.

IFRS S1 requires that entities consider the applicability of industry-specific **Sustainability Accounting Standards Board (SASB) Standards**. Paragraphs 55, 58 and 59 of IFRS S1 require the application of industry disclosure standards set by SASB and the possible consideration of CDSB Framework Application Guidance. (See ***Appendix 2 - Overview of ISSB Standards – IFRS S1 and S2***, for summary information and ***Appendix 7 - Suggested Metrics for Sustainability Statements/Reports***).

The full text of IFRS S1 and S2, and any further standards issued by the ISSB, should be reviewed and standards shall be applied under the requirements of the Code.

The International Sustainability Standards Board (ISSB) has committed itself to developing biodiversity standards by starting a standard-setting process for nature-related disclosures and will begin work on incremental disclosure requirements to address nature-related gaps in its existing sustainability disclosure standards. Building on the work of the Taskforce on Nature-related Financial Disclosures (TNFD), the ISSB plans to have an Exposure Draft ready by the COP17 biodiversity conference in October 2026. More standards are anticipated to be issued by the ISSB on other sustainability-

[5]The complete text of IFRS ISSB S1 standard is available at the IFRS website – www.ifrs.org, accessible at https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/

[6] The complete text of IFRS ISSB S2 standard is available at the IFRS website – www.ifrs.org, accessible at https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s2-climate-related-disclosures.pdf?bypass=on

related matters in the future, such as on human capital. Boards and management bodies should monitor these and other developments related to the evolving sustainability reporting standards.

Application of IFRS S1 and S2 require a company **to make a clear explicit and unreserved statement of compliance with all IFRS Sustainability Disclosure Standards.** At the same time, such a statement may exclude information that may be commercially sensitive, as permitted by IFRS S1[7] or if a local law or regulation prohibits that disclosure[8].

[7] As permitted by IFRS S1 paragraphs B34-B37.

[8] As permitted by IFRS S1 paragraph 73. See also ASE Climate-related Disclosures Regulatory Framework, launched December 2024, accessible at https://exchange.jo/sites/default/files/2025-02/Disclosure%20Guidance.pdf

B. Code

- **Purpose** – This Code aims to provide baseline guidance to listed companies on the governance and management of sustainability matters, including reporting on these matters.
- **Authority** – the Code is issued under the authority of the Jordanian Securities Commission (JSC) in its legal right and role under Articles (8) and (12/n) of the Securities Law (Law No. (18) for the Year 2017), to issue regulations to facilitate a competitive and transparent market environment in Jordan.
- **Scope** – This Code will be mandated for application by all companies over a period of time. It will be introduced in a phased manner. Initially, this Code shall be applied by ASE 20 companies listed on the Amman Stock Exchange. Non-ASE 20 listed companies are encouraged to familiarize themselves with the Code and are encouraged to voluntarily apply it.

  In case of any conflict between this Code and any legislation or regulation issued by the Central Bank of Jordan the companies subject to the monitoring of the Central Bank of Jordan shall inform the Commission accordingly and provide a clarification of this conflict to enable an appropriate decision.

  For the purposes of this Code, compliance by banks listed on the ASE 20 Index with the Central Bank of Jordan's Instructions on Disclosure and Reporting of Climate-related Risks shall be deemed to constitute compliance with the climate-related disclosure requirements of IFRS S2 under this Code.
- **Application/compliance**
  - **Comprehensive and substantive application of Code requirements is expected. Companies are expected to adopt good practices and to demonstrate their commitment to higher standards of corporate governance.**
  - **Initially, the Code shall be applied by all ASE 20 companies on a 'apply and explain' basis. It is mandatory to 'apply' the Code requirements and if, for some valid reason, the company is unable to apply a specific requirement, the company shall give reasons for non-application and shall explain what other alternative measures were taken to achieve the requirement. The company shall also state the steps it is taking to fully apply the specific requirement and the time frame in which it expects to fully apply the provision.**
  - **Such explanations for non-application must be substantive.**
  - Beyond the ASE 20, other issuers of securities to the financial market are encouraged to adopt and apply the Code. The use of IFRS Sustainability Disclosure Standards is permitted on a voluntary basis for these companies.
  - For the disclosure of sustainability-related risks or opportunities not specifically covered by a current IFRS Sustainability Disclosure Standard, companies may - to the extent that the sources do not conflict with IFRS Sustainability Disclosure Standards - refer to and consider the applicability of other standards or disclosures, as prescribed by paragraph 58 of IFRS S1.

- All companies that are NOT required to apply this Code or that do NOT issue securities are encouraged to voluntarily apply this Code.
- All reports providing sustainability information shall comply with relevant and applicable reporting requirements and shall be cognizant of global best practices in sustainability reporting.
- **ASE 20 companies will report on adherence to this Code in the form and style of reporting JSC may require.**

- **Format of the Report**
  - Sustainable information aligned with IFRS S1 and S2 shall be presented in a standalone Sustainability Report to be issued at the same time as the Annual Report or no later than six months after the end of the company's financial year. Information provided in a Sustainability Report shall be supportable by evidentiary data and the report shall focus on sustainability matters material to the company and to the operating areas that contribute most to company performance. Reported sustainability information shall be aligned with and consistent with ASE requirements.
  - Sustainability information related to corporate governance shall be included in the Governance Report which is included in the Annual Report and shall be provided according to a board approved template.
- **Assurance**
  - Integrity of all reported information is important – 'greenwashing' is viewed as a misrepresentation of information and as such is unacceptable.
  - Voluntarily, companies may seek third-party external assurance on sustainability information to ensure reliable information is provided to the market. External third-party assurance on sustainability information is encouraged.
  - Any voluntary assurance on the Sustainability Report shall be undertaken according to standards issued by the International Audit and Assurance Board (IAASB) of the International Federation of Accountants (IFAC).
- **Timeline, Phasing and Transition Reliefs**
  - **IFRS S1 and S2 shall be mandatorily applied by ASE 20 companies on the Amman Stock Exchange for financial years 2027 onwards and shall be first reported in 2028 reports.**
  - **The Sustainability Report shall be issued as a separate report from the Annual Report.**
  - **During the first year of implementation, a company may submit a plan to assess its readiness to comply with the reporting requirements of IFRS S1 and IFRS S2 and include such plan in its 2028 Sustainability Report.**
- **Transition Reliefs for First Year of Companies' Application of IFRS Sustainability Disclosure Standards**
  - Transition relief in IFRS S1 and S2 permits companies to omit comparative information in the Sustainability Report in the first reporting period. However, if a company decides to apply the relief to disclose information on only climate-related risks and opportunities in the first annual reporting period, it does not need to provide

comparative information about its sustainability -related risks and opportunities apart from climate in its second year.

- In the first annual reporting period in which the company applies IFRS S1, the company may disclose information on only climate-related risks and opportunities (in accordance with IFRS S2). If an entity uses this transition relief, it shall disclose that fact.

- IFRS S2 provides a transition relief in the first annual reporting period from disclosing Scope 3 GHG emissions.

C. Code Requirements for ESG/Sustainability

The goal of this Code is to outline a system of relationships, structures, policies and processes to ensure good governance of a company which integrates sustainability and climate risks and opportunities, develops trust between key parties, and which is built on resilience, integrity, effective communication and collaboration. The Code should provide a framework of control mechanisms that support the achievement of company goals and which limits conflicts and abuse.

The key relationships are those between the board of directors (board), management, shareholders and stakeholders. This Code aims to ensure that companies are directed and controlled by good and responsible leadership so that the company may succeed in long-term sustainable value creation.

1. General

1.1 The Code contains principles and practice provisions that regulate the key relationships of the board and management, and relations with shareholders and stakeholders on company governance, internal controls, risk management, and disclosure of sustainability and climate-related issues.

1.2 The requirements of the Code go beyond the minimum standards set in laws and regulations, such as in Company Law, and require a higher level of commitment to good governance and sustainability practices.

1.3 This Code assumes all companies adhere to all applicable laws and regulations as a minimum.

1.4 The provisions of the Code reflect globally accepted good practice standards in sustainability including environmental, social and corporate governance (ESG) policies and practices. At a high level, the Code is based on the G20/OECD Corporate Governance Principles, revised and reissued in 2023, and includes alignment with the local regulation and alignment with IFRS Sustainability Disclosure Standards, including S1 and S2.

1.5 The Code is based on four central corporate governance principles of responsibility, accountability, fairness and transparency (see ***Definitions and Acronyms***). The Code assumes every company demonstrates: effective leadership i.e. effective board and management; effective policies and procedures; quality corporate reporting (financial and non-financial); and an awareness of its accountabilities to shareholders and other stakeholder groups.

2. Effective Board – Duties, Roles and Responsibilities

2.1 The board of a company is the ultimate accountable body and decision maker. The board, together with management, is responsible for company sustainability in an integrated and strategic manner. The board shall act responsibly, ensuring sound management of the company for long-term value creation and success.

2.2 Directors shall ensure that all shareholders, including minority shareholders, are treated equally and with respect and that their rights are upheld (see also paragraphs 9 and 10 below).

2.3 Directors shall act in accordance with the company Articles of Association, Memorandum of Association, Board Charter and company policies, all applicable laws and regulations and with this Code. Directors shall act on a fully informed basis, in good faith with due diligence and care in the best interests of the company and all shareholders at all times. Directors shall not misuse their powers, company assets or resources and shall not act to benefit unlawfully or for private benefit.

2.4 The board shall ensure that the company's strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

2.5 Directors shall actively oversee company activities and engage in board discussions. Directors have a duty to review all relevant documents/information provided prior to board meetings and shall give special attention to financial matters and any topics to be discussed.

2.6 At all times, directors shall be transparent and declare any conflicts of interest (actual, potential or which may be perceived as a conflict). They shall avoid actual and potential conflicts of interests, shall not participate or seek to influence any company discussions/deliberations/decisions when/if there is a conflict. For transparency, each board member shall annually complete and provide to the company a Declaration of Interests and shall amend the Declaration of Interests in real time as circumstances change.

2.7 Board roles and responsibilities include, but are not limited to, to lead the company, to select, appoint and oversee the Chief Executive Officer, to determine company strategy, policies, plans and procedures consistent with its objectives and long-term interests of the company and of its shareholders and stakeholders. The board shall establish and document procedures for board and board committee meetings which shall include an annual calendar (showing time, place and date of meetings), voting practices and meeting records as a minimum.

2.8 The board shall develop, approve and publicly disclose on the company website the Board Charter stating board responsibilities (see ***Appendix 4 – Contents of a Typical Board Charter***) and other relevant policies and practices that support the board's duties and responsibilities (see ***Appendix 3 - Possible Company Policies and paragraph 2.10***). The Board Charter shall be annually reviewed.

2.9 The board shall set the company 'tone from the top'. It shall develop, approve, articulate and exemplify to the entire organization the company vision statement, mission statement and values. The vision, mission and values documents shall be board approved and publicly disclosed on the company website. All directors are expected to lead by example, act with integrity and adhere to the company values at all times and shall promote the desired company culture. The board shall oversee that management supports the desired company values and culture.

2.10 The board shall document and be accountable for establishing the necessary policies and processes for the company. The board shall establish and monitor the governance system of the company. At a minimum, the board shall develop and approve its board charter, annually review and approve the company Code of Ethics and Conduct, the company Sustainability policy, the company Disclosure and Transparency policy and shall annually review and approve the Delegation of Authority policy, identifying authorized persons and their authority limits. The board shall develop policies, structures and processes to identify stakeholders, material to the company, and to engage with them and manage the relationship. The board shall ensure succession planning is in place for the board, its board committees and for senior management. The board shall lead and be accountable for company governance. The board shall annually approve and provide a Governance Report within the Annual Report, reporting on its activities.

2.11 The board shall undertake an annual evaluation of itself and its directors to identify any aspects it may improve or where board members may require training or education. The evaluation shall be of the board itself and of each director and should consider company sustainability, including the company's material sustainability risks and opportunities, and company performance, board composition, diversity and activities. Each board committee will evaluate itself. The results of these evaluations shall be reported within three months of the end of the financial year.

2.12 Every third year, the board, board committee and director evaluations shall be undertaken by a competent, independent third party. Independent board evaluation experts may be found in big accounting firms or services may be offered by management consultants knowledgeable in corporate governance.

2.13 The board shall select, appoint, oversee and annually assess the performance and, if necessary, dismiss the General Manager. The board assessment of the General Manager and shall include a review of how management addresses and performs on the company's material sustainability risks and opportunities.

2.14 The Board Charter shall explain and distinguish the roles and responsibilities of the Chair of the Board, the board and the General Manager. The role of Chair shall be held by a non-executive director. The roles of Chair and General Manager shall not be combined and no relative of the Chair shall hold the position of General Manager. The Chair may not concurrently hold a role in executive management.

2.15 The board shall contribute to the development of the company strategy and human resources, approve the annual budget, establish and approve an effective risk management and control system, ensure effective financial, accounting management and reporting processes (including preparation of annual, sustainability, and quarterly reports) and establish performance metrics and targets for company success. Management remuneration shall be aligned with the company strategy and be related to the achievement of financial and non-financial performance targets.

2.16 The board shall ensure compliance with all legislative provisions and shall not misuse its powers or non-public information provided to it as part of its duties.

2.17 The board shall ensure the company publicly discloses annually and quarterly accurate, timely, relevant information on all **material matters** (financial and non-financial) affecting the company and its prospects. **Material information** (see also Footnote 1 and Definitions) shall be disclosed immediately to the public. Information shall include sustainability-related financial disclosures on governance, strategy, risk management and shall include performance targets and metrics. The company shall report progress on targets. The board shall ensure that the company's website makes available to the public important company documents and current information.

2.18 Directors may require training or education on new or challenging issues or to address issues identified in the annual evaluation. All board members shall undertake relevant development if determined by the board Chair.

2.19 The board should appoint a professionally qualified company secretary to assist the board in managing its duties and responsibilities.

3. Board Composition, including independent directors

3.1 The board shall be comprised of individuals who together form an efficient and effective, competent board composed of not less than five members and not more than a maximum of 13 directors. The board shall have an appropriate level of independence and diversity of thought. It shall be a collective of directors with diverse skills, experience and behavioral attributes suitable for the company operations and its sector.

3.2 The board must be professional and competent and collectively have the range of skills, knowledge and experience to fulfill its responsibilities. A matrix of board skills shall be included in the Annual Governance Committee and Sustainability Committee Report. Each board member shall be able to apply strategic thought to any issue and be able to constructively contribute to discussions and challenge others thinking. Each board member shall have the specific expertise to fulfil his board and board committee duties.

3.3 All directors shall be elected or re-elected by shareholders at the Annual General Meeting (AGM) as terms of office expire. Directors shall be elected for four-year terms of office. The election process shall be developed by the Nomination and Remuneration Committee (NRC) and shall be robust, formal and transparent. All board appointments shall be based on merit and related to objective criteria which shall promote diversity, board refreshment and succession planning.

3.4 The composition of the Board of Directors shall be ensured that the majority of its members are non-executive directors. The relevant provisions of the Corporate Governance Instructions issued by the Central Bank of Jordan shall apply to entities subject to its supervision, including those relating to independent directors. The board shall include at least one director with relevant prior work experience or knowledge of the sector in which the company operates, at least one director with knowledge or experience of sustainability and climate risks and opportunities and there shall be at least one female board member.

3.5 No one individual or small group of individuals shall dominate board decision-making.

3.6 At all times, all directors shall exercise independent, objective judgment and have sufficient time to meet their board responsibilities. The Chair and directors shall ensure the board has the policies, processes, time, resources and information necessary for it to function efficiently.

3.7 A minimum of at least one-third of board members shall meet the definition of "independent director" or up to 4 directors (See Definitions). Where one-third of the board results in a part person, the number shall be the nearest upper whole number. (See **Definitions and Acronyms** - ***Independent Director***).

3.8 Independent directors shall be clearly identified in the Governance Report in the Annual Report and shall meet regularly without the presence of management.

3.9 The board shall be supported in its activities by a professionally qualified company secretary. The company secretary shall be given a clear statement of his responsibilities, which shall include, amongst other activities the oversight and monitoring of company adherence to applicable laws and regulations. The company secretary shall develop an annual calendar for board and board committee activities. The company secretary shall be selected, appointed and dismissed by the board.

4. Board Committees

4.1 Board Committees shall be established to support board activities in focused areas and to carry out essential tasks. Large companies and companies with complex and diverse business activities may require a several board committees be established.

4.2 All board committees act as an advisor to the board (unless otherwise delegated by the board) and are accountable to the board for its activities and performance and will report to the board after each committee meeting. Board committees shall review matters on behalf of the board and shall make recommendations to the board for its decision. Only non-executive board members shall constitute board committee members.

4.3 The board shall establish at least five board committees – Governance Committee (GC), Sustainability Committee (SC), an Audit Committee (AC), a Risk Committee (RC), and a Nomination and Remuneration Committee (NRC). The board may establish more than five committees as befits its needs. All board committees shall comprise an uneven number of members and shall have a minimum of three members

4.4 Each Board Committee shall, at the minimum, consist of non-executive director members and shall include at least one independent director. The Chairs of the AC and RC shall be independent directors.

4.5 The board shall appoint board committee members ***who are qualified/suitable for*** the work of that specific committee (See **Definitions – 'qualified'**). The Board Committee overseeing sustainability matters shall include at least one member with sustainability expertise in governance and sustainability. The board shall appoint the Chair of each board committee and shall appoint the Secretary to each board committee.

4.6 Executive management may be required or invited to attend or to participate at board committee meetings but shall not vote at these meetings.

4.7 The board shall document and approve for each committee, a committee Charter which clearly states the purpose, role/mandate, authority, powers, duties, composition and operating procedures of that committee. Board committee Charters shall be published on the company website and reviewed annually by each relevant committee.

4.8 **Each board committee shall meet as often as necessary to fulfil its mandate.** The Audit Committee and the Risk Committees shall meet periodically with a minimum of four times annually. The Governance Committee, the Sustainability Committee and the Nomination and Remuneration Committee shall meet periodically and shall meet a minimum of two times annually.

4.9 Each board committee shall report to the board after each committee meeting on committee deliberations and issues at the next occurring board meeting. Board committees shall meet at least one time in a year without management present. Minutes of all board committee meetings shall be duly recorded.

4.10 If a board committee Chair is absent, other committee members present shall appoint one of their number to be Chair of that meeting.

4.11 A quorum for committee meetings will be a majority of the committee members and which shall include an independent member.

4.12 The Company Secretary, or a designate, shall be the Secretary to board committees.

4.13 By request to the board Chair, other board members may choose to attend committee meetings and may receive meeting papers on request. Such additional attendees shall not vote on committee deliberations.

4.14 All board committees shall have sufficient resources, to run effectively, as determined by the specific committee. Such resources may include payment of ordinary administrative expenses and/or payments for relevant advisors as retained by the committee.

4.15 From time to time the board may specify additional work to a particular committee.

4.16 Board committees shall have reasonable access to management and shall assume management co-operation. Adequate information from management shall be provided to board committees. Company employees shall co-operate with board committees and board members in the provision of adequate information. Information provided to board members and board committees shall be complete and accurate. Board committees may have access to relevant and necessary external consultants' support with the consent for the board Chair.

4.17 In the Annual Governance Report within the Annual Report, the members of each board committee shall be identified, and the Chair of each committee shall report on its activities. In addition, at the AGM, each board committee Chair shall report on its work and respond to shareholder questions.

4.18 Each board committee shall establish written operating procedures governing its functions and responsibilities. These operating procedures shall be approved by the board and regularly reviewed.

4.19 Each committee shall devise an annual plan and calendar for its activities. Agenda and meeting papers shall be circulated to committee members at least 10 days in advance of the meeting.

4.20. Annually, all board committees shall undertake an evaluation of its performance and operations to identify any aspects it may improve or where committee members may require training or education. The committee shall report on the evaluation to the board for approval and subsequent disclosure to JSC and in the Governance Report in the Annual Report. Each committee shall review its charter annually and make recommendations to ensure its currency and continuing relevance.

4A. Governance Committee (GC)

4.A.1 In relation to its role of oversight of company governance matters, the GC shall assist the board in matters relating to:

- Oversight and advice to the board on the company's compliance with applicable laws and regulations, with internal business values and principles of behaviour and with this Code;
- Advice to the board periodically with respect to significant developments in the laws and regulations (and in the practice of corporate governance;
- Review at least annually of the corporate governance policies of the company board and ensure board committee review of its Charter, board committee charters and company policies;
- Making recommendations to the board on all matters of corporate governance including on proposed changes to existing corporate governance policies, structures or practices
- Development, oversight and reporting in the Annual Report on the performance evaluation process for the board, board committees and directors and any actions arising from the evaluation; and

- Comprise at least three non-executive director members, including at least one independent member. The GC shall be led by the Chair of the board;
- Members of the GC will be proposed by the committee and, if thought qualified and fit, shall be approved by the board.

Responsibilities of the Committee

4.A.2 Having regard to relevant and applicable laws and regulations and prevailing good practices, the GC Committee shall include the following activities:

- Oversee the effectiveness of the company's governance framework and recommend improvements aligned with international best practices.
- Review the composition, diversity, independence and succession planning of the board and its committees.
- Monitor director onboarding, orientation and continuing professional development programs.
- Assess potential conflicts of interest involving board members and senior management and recommend appropriate actions.
- Review related party transaction governance frameworks and ensure transparency and proper oversight.
- Oversee the implementation and effectiveness of the company's Code of Conduct and ethics policies.
- Monitor whistleblowing mechanisms and ensure appropriate procedures for confidential reporting and protection against retaliation.
- Review governance-related disclosures in the Annual Report and other public disclosures.

- Ensure transparency and accountability in communication with shareholders and regulators.

- Periodically review and recommend updates to board charters, committee mandates and governance-related policies.
- Monitor alignment between governance practices and the company's strategic objectives.

- Conduct periodic self-assessments of the Committee's effectiveness and recommend improvements.
- Ensure coordination between board committees to avoid overlap and strengthen governance oversight.

4.B Audit Committee (AC)

4.B.1 The role of the Audit Committee (AC) is to support and advise the board in relation to monitoring and oversight of financial and company reporting matters and matters relating to external audit, internal audit, company internal controls and the company management of financial matters as set out in its Charter.

4.B.2. The AC shall ensure all relevant reporting standards (all IFRS Accounting Standards and IFRS Sustainability Disclosure Standards and other reporting and disclosure standards) are applied and all relevant and material financial and non-financial information is disclosed.

4.B.3 The AC shall comprise at least three members. The Chair of the AC shall be an independent director and shall be a financial expert (**see Definitions and Acronyms** – **Financial Expert)**, having recent relevant accounting, audit or related financial management/reporting expertise and experience.

4.B.4 All AC members shall be financially literate (**see Definitions and Acronyms – Financial Literacy**) and shall have sustainability standards knowledge and skills within its committee members.

4.B.5 Members will be proposed by the committee and, if qualified and thought fit, shall be approved by the board.

4.B.6 Within the above parameters, the board shall nominate and approve the Chair of the AC.

Responsibilities of the Committee

The AC's responsibilities shall include the following:

- Ensuring the integrity of accounting and financial policies, processes and information and monitoring and reviewing financial reports, their issues and judgements and any announcements regarding the company's financial performance.
- Provide advice to the board as to whether the Annual Report, the Governance Report and the Sustainability Report, are fair, balanced and understandable and provide information sufficient to assess its financial position, business model, strategy and performance of the company.
- Reviewing the assurances of the CEO and CFO on the state of financial records and on the financial statements.
- Monitoring the independence, objectivity and work of the external auditor, including any additional work undertaken by the auditor outside the scope of the external audit. The AC shall make recommendations to the board and shareholders on the appointment, re-

appointment or dismissal of the external auditor and on the remuneration and terms of reference for the external audit.

- The AC may request the attendance at AC committee meetings of the external auditor as necessary for AC information and deliberations. The AC shall at least annually meet with the external auditor without management present.
- Reviewing and report on the adequacy and effectiveness of the company's internal controls system and annually review the effectiveness of all material controls (financial, operational, reporting and compliance controls).
- Directly overseeing the company's internal audit function, approving the annual internal audit plan and ensuring the adequacy, independence, effectiveness and resources of the company internal audit function.
- The AC shall be the primary reporting line for the company's internal audit function and shall recommend to the Board of Directors the appointment, termination and remuneration of the head of the internal audit function.
- The AC shall propose for board approval a confidential whistleblowing or complaints mechanism available to internal company and external complainants. Complaints may relate to a wide range of matters, including fraud, misreporting, bribery and corrupt activities, bullying and harassment. Employees making complaints shall be protected against any adverse reaction or damage.
- Report on AC activities in the Governance Report of the Annual Report and on the structure and effectiveness of the internal controls and internal audit functioning.

4.C Risk Committee (RC)

4.C.1 The RC shall have broad duties regarding the adequacy of the company's processes for managing risk. It shall consider the company risk framework, review, assess and monitor the company's emerging and current financial and non-financial risks, including sustainability risks, and bring independent judgement to the manner in which the risks are managed or mitigated in order to protect the company and its shareholders.

4.C.2 There shall be at least three members of the RC and shall include at least one independent director members of the RC. The Chair of the RC shall be an independent director.

4.C.3 The RC shall meet as often as is required to oversee how management deals with material risks with a minimum of four meetings per year. The CEO, Chief Risk Officer (CRO) and other risk management personnel may be regularly invited to attend and report to the RC. As the company's material risks rise, the RC may need to meet more frequently to dedicate more time to risk oversight.

4.C.4 The RC shall work and co-ordinate with the Governance Committee and Sustainability Committee to ensure effective oversight of company sustainability risks.

4.C.5 The board shall nominate and approve the Chair of the RC.

Responsibilities of the Committee

The RC's duties shall include:

- Recommend to the board the annual risk appetite statement and ensure its alignment with company strategies and ensure that the company risk management system, policies and processes are operating and effective and operate within the established risk appetite.
- Annually the RC shall make recommendations to the board on the soundness of the company risk framework and its management.

- Approve the appointment or replacement of the company's Chief Risk Officer, who shall report directly to the RC as well as to the CEO. The RC shall coordinate with the CEO on the remuneration of the CRO and the resources of the company risk function.
- Review the company risk management framework to identify, evaluate, prioritise, manage and monitor risk across the company and risks associated with special projects. Such review shall identify any concentrations of risks and interrelationships between risks. The RC shall monitor compliance with that framework.
- Review the company's material risks, including sustainability or ESG risks, on an annual basis and changes to material risks as required. The RC shall assess the likelihood and severity of impact of material risks and assess how they are being objectively managed by company personnel.
- Monitor the quality of risk information provided by management to the board and receive from management for board consideration reports on the company's risk assessments and the effectiveness of controls instituted to manage or mitigate those risks. Regularly, the RC shall meet with managements' head of risk function.
- Regularly report to the board on the material risks facing the company and how these are being managed from the business unit level upwards and reported to management and the board.
- Ensure management accountability for the effectiveness of the risk framework.
- Annually report on RC activities in the Governance Report of the Annual Report and on the structure and effectiveness of the risk management framework.
- Annually report to shareholders on RC activities.

4D. Nomination and Remuneration Committee (NRC)

4.D.1 The role of the Nomination and Remuneration Committee (**NRC**) is to support and advise the board in relation to nomination and remuneration matters as set out in its Charter. The NRC shall ensure quality board nominations, board refreshment and succession planning and shall consider the company's remuneration policy and related performance to ensure incentives for achievement of company strategies and objectives.

4.D.2 The NRC shall be comprised of at least three members, including at least one independent director to avoid conflicts of interest regarding nominations and remuneration matters. NRC members shall have skills and experience in director nominations good practices and in the determination of remuneration policies.

4.D.3 Members of the NRC will be proposed by the committee and, if qualified and thought fit, shall be approved by the board.

4.D.4 One of the Committee's roles is to establish a process for evaluating the performance of the Board of Directors, Board committees, and executive directors, including any actions arising from such evaluation, oversee the implementation of the evaluation process, and ensure disclosure thereof in the Annual Report.

Responsibilities of the Committee

The NRC Committee shall, with regard to director nominations processes:

- Establish, document for board approval a formal, robust, transparent process for the identification, nomination and appointment or re-appointment of directors;
- Lead on the recruitment, selection and nomination processes for director elections. Selection shall be based on merit and shall be related to objective criteria. Director selection

processes may require the use of external search firms to assist in selection, in which case the NRC liaises with the external consultant;

- Recommend to the board and shareholders appropriate director nominations, after undertaking appropriate checks;
- Oversee the effectiveness of the company's director nominations policies and practices;
- Ensure all directors are aware of their duties and obligations and undergo a board induction process at initial appointment;
- At least annually, assess the collective skills, knowledge, experience and diversity, age and other attributes of board individuals to identify any gaps the company may have and to ensure board competence. Required skills to be represented on the board shall include experience of sustainability and climate matters and risks and opportunities arising. A board skills matrix shall be developed and used in this process. The NRC shall report on this assessment to the board.
- Implement a succession planning process to identify suitable candidates for appointment to the board and to guide appointments to senior management;
- Make recommendations to the board on the membership of board committees;
- Make recommendations to the board on the appointment and termination of the company's Sustainability Officer;
- Oversee and periodically evaluate, and make recommendations to the board in relation to the succession planning process for the role of company Chair and for the role of General Manager and of key senior management positions;
- Oversee, review and make recommendations to the board on the training and development program for directors (including induction processes for new board appointees);
- Review a retiring director's performance (including meeting preparation and attendance, contributions) and make recommendations to the board as to whether the board should support the nomination or re-nomination of a non-executive director seeking election or re-election;
- Assess, and make recommendations to the board in relation to the continuing independence of independent non-executive directors on re-appointment;
- Annually report on NRC activities in the Governance Report of the Annual Report; and
- Annually report to shareholders at the AGM on NRC activities.

The NRC Committee shall, with regard to company remuneration shall:

4.D.5 The role of NRC is to support, advise and guide the board in relation to board and senior executives' remuneration as set out in its Charter. The NRC shall ensure that the company establishes remuneration policies to attract and keep the talent it requires in the long term and ensure incentives drive achievement of company strategies and objectives. The NRC shall develop, oversee the implementation of remuneration rules for directors, senior management and other key positions in the company. Committee members shall recuse themselves from deliberations and decisions that affect their interests.

4.D.6 Review and recommend to the board for approval the company remuneration policy which shall be closely tied to financial and sustainability and climate performance targets. The NRC shall recommend to the board the remuneration of the board itself and remuneration packages of the CEO and the lead executives of the company.

4.D.7 Remuneration policies and decisions shall be made through an independent and transparent process and shall consider the demands, complexities, needs and performance of the company.

4.D.8 The Remuneration policy shall be presented at the AGM and shall support and be linked to company objectives, strategies and operations and be within company risk appetite.

4.D.9 The NRC may use a remuneration consultant as advisor if necessary. However, the NRC cannot abrogate its responsibilities.

4.D.10 Oversee and recommend to the board the remuneration report to be included in the annual report.

4.D.11 Report in the annual report on the activities of the NRC and remuneration outcomes. The report shall state individual directors' fees and total emoluments, including fees, salary, bonus, shares, benefits-in-kind and any other emoluments.

4.D.12 Remuneration information is necessary for shareholders to make an informed decision on the compensation of directors and for all stakeholders to better understand the link between company objectives, performance and pay.

4.D.13 New NRC members will be proposed by the committee and, if thought qualified and fit, shall be approved by the board.

4.D.14 The board shall nominate and approve the Chair of the NRC.

Responsibilities of the Committee

Having regard to relevant and applicable laws and regulations and prevailing good practices, the NRC Committee shall with respect to remuneration matters:

- Annually review, consider and recommend to the board a formal, fair and transparent company remuneration policy which shall be explicitly related to performance requirements connected to the achievement of company strategies and long-term company sustainability targets. The policy shall be applied to all annual and any interim salary reviews. The NRC shall oversee the implementation and effectiveness of the policy.
- Annually consider and recommend to the board the compensation of the General Manager and those executives who report directly to the General Manager including all elements of the compensation package, shares and fixed and variable components of the compensation. Executive compensation shall be aligned to company purpose, values and the achievement of the long-term strategy.
- Annually evaluate the performance of the General Manager /CEO and other direct reports to the General Manager in determining their compensation. In doing so, the NRC shall check comparative peer groups when comparing compensation levels.
- Ensure that all benefits, including retirement benefits are justified, correctly valued and are fair, reasonable and transparent.
- Establish, review and recommend to the board any Management Incentive Scheme or Performance Share Plan and its management and associated processes. Any payments in such Plans shall be paid to participants based on performance achievements against set targets.
- Review and recommend all benefits for new hires to the General Manager role, and new hires of executives directly reporting to the General Manager.

4E. Sustainability Committee (SC)

4.E.1 The role of the Sustainability Committee (SC) is to support and advise the board on measures to ensure the long-term sustainability of the company, particularly in its ESG dimensions.

4.E.2 The SC shall ensure appropriate company strategies in relation to sustainability risks and opportunities, monitor and oversee management of sustainability matters and undertake duties as set out in the SC Charter (See **Appendix 6 – Example Board Charter for a Sustainability Committee).**

4. E.3 The SC shall recommend to the board a framework, activities and initiatives to ensure environmental, social and governance issues are integrated into the company's vision, purpose, strategies and decision-making.

4. E.4 The SC shall review and recommend to the board structures and policies to be implemented by management on environmental, social and governance issues and ensure ESG matters are addressed and managed effectively.
4. E.5 Members will be proposed by the committee and, if thought qualified and fit, shall be approved by the board.

Responsibilities of the Committee

Having regard to relevant and applicable laws and regulations and prevailing good practices, the SC Committee shall include the following activities:

- Monitor the implementation of the company's strategy, policies and processes in relation to the risks and opportunities arising from environmental, social and governance matters with a special focus on climate related matters. These matters shall include but not be limited to climate change, water management, responsible sourcing, diversity and inclusion, human rights and the material interests of company stakeholders.
- Annually review and assess the Framework for the identification, management and reporting on ESG risks and opportunities affecting company operations and long-term plans.
- The annual review will include and assessment of the relevant ESG knowledge and skills available in the board and in management to effectively oversee and manage ESG matters, a review of management systems to ensure quality reporting on ESG issues and a review of compliance with laws and regulations related to ESG matters.
- Annually review company performance on and report on the company's progress on ESG strategies and targets.
- Review data, reports and trends in relation to ESG matters and report on these to the board.
- Recommend to the AC those items related to ESG that might be reviewed as part of annual internal audit plans.
- Recommend to the RC the integration of ESG targets into performance and remuneration plans.
- Regularly receive reports from the General Manager/CEO and the management Sustainability Officer on sustainability matters.
- Liaise with other board committees on sustainability issues.
- Review and validate the structure and content of company ESG reporting and approve and recommend to the board the Sustainability Report.
- Liaise with the NRC on financial disclosures related to ESG and on ESG risk matters
- Comprise at least three non-executive director members, including at least one independent member.
- Members of the SC will be proposed by the committee and, if thought qualified and fit, shall be approved by the board.

5. Conflicts of Interest / Code of Conduct / Ethics

5.1 The board shall adopt policies or rules which encompass ethics, management of conflicts of interests, prevention of abuse of power, corruption, insider trading and money laundering. It shall outline acceptable and unacceptable practices and conduct expected of board members, of management and from company employees. The policy shall be published on the company's website and integrated into enterprise-wide management practices.

5.2 The board shall apply high ethical standards at all times. Every decision shall be taken in the best interests of the company. The company shall encourage and facilitate individuals to speak up and report in confidence genuine concerns of unlawful, unethical or questionable behavior or practices.

5.3 The policy shall apply to actual, potential or perceived conflicts of interests. It shall guide and set limits on dealing in company shares, use of company assets/resources, confidential information, receipt of gifts and clearly outline processes to be applied when personal interests/conflicts arise.

5.4 The board shall ensure the policies are disseminated to all affected parties, formally incorporated in processes for board induction and for new company hires and are published on the company website.

5.5 The board shall ensure management of a central register where directors and employees shall disclose/register potential interests that may conflict with company interests. The board and the Governance Committee and the Sustainability Committee shall monitor compliance with the rules. Individuals are required to update the register when changes occur.

5.6 The board shall establish policies and procedures to enable effective operation of a whistleblowing (See Definitions) process.

5.7 The policies/rules relating to conflicts of interests, conduct and ethics shall be periodically reviewed and updated.

6. Executive/Senior Management

6.1 Executive/senior management shall:

- Be led by the General Manager/CEO and be comprised of competent senior company officials.
- Operate the company on a day-to-day basis, structure for implementing company strategies and objectives which include sustainability and climate-related strategies and operate the company within JSC requirements and all other relevant laws and regulations.
- May establish management committees to enable effective operations and comprehensive high-quality reporting to the board in specific areas.
- Exercise its delegated authorities and perform its responsibilities in accord with board resolutions.

6.2 Executive/senior management shall be responsible to the board for sound management of company operations and achievement of company strategies and for the integration of sustainability and climate risks and opportunities into company strategy, operations and risk management. Management shall uphold the desired company culture and values at all times. Management responsibilities include to:

6.2.1 Lead the day-to-day activities of the company, report to the board on these and not be subject to board interference on daily/normal operations.

6.2.2 Prepare and implement strategic and operational plans and budgets and amendments on the plans for board approval and ensure effective plan implementation.

6.2.3 Duly and diligently adhere to laws, regulations, guidelines and company policies and board decisions applicable to company operations.

6.2.4 Submit recommendations to the board on important matters related to company operations.

6.2.5 Develop and set internal policies and procedures related to all company operations to guide employees.

6.2.6 Establish an effective company organizational structure that includes specifying the main functions and duties and responsibilities of functional leaders and specifying the main horizontal and vertical reporting and communication lines.

6.2.7 Ensure a quality, well-resourced, professional finance function to manage efficient and effective financial management and reporting to the board on company finances and to others as required in the Disclosure Instructions.

6.2.8 Ensure management and employee compliance with internal control regulations established to protect company funds and assets and to ensure the safety of company operations.

6.2.9 Draft for board approval a suitable system, based on three lines model, for oversight, control of and management of all company risks, including sustainability risks. The risk management system as approved shall be implemented by the company Risk Management function. It shall assign to distinct personnel management of sustainability risks including climate-related risks. The Risk Management system shall include a subset system dealing specifically with Environmental and Social risks faced by the company – the Environmental Social Risk Management System (ESRM).

6.2.10 Provide relevant internal and external control authorities with accurate reports and information as required and facilitate and support regulatory control.

6.2.11 Keep abreast of developments in company industry practices and ensure compliance to international standards and expectations in company activities and operations.

6.2.12 Provide to the board complete, timely, accurate, regular reporting on company strategies, performance, and progress to targets including on sustainability strategies and priorities.

6.2.13 Establish and keep complete, accurate and reliable information records of company activities (minutes, documents, reports, minutes of general assemblies and board meetings and other records) physically at the company's headquarters for a minimum period of 10 years and electronically in perpetuity, complete with necessary supporting documents, and systems to read those documents and records.

6.2.14 Co-ordinate efforts between the different departments to ensure efficient company operations.

6.2.15 Specify the HR needs and ensure appropriate training and development of staff.

6.2.16 Monitor company financial status and ensure profitability within the framework of the balance needed between risks and returns and the company annual plan.

6.3 Executive/senior management shall obtain board consent for appointments to senior executive management positions. All candidates for senior executive management appointments shall be demonstrably competent and qualified for the role.

7. Control Environment – Internal Control, Internal Audit, Risk Management, Compliance, External Audit

7.1 The board shall establish adequate and effective systems, policies, practices and procedures to ensure sound risk management, based on the Three Lines model, and control frameworks so that the entity can achieve its objectives and strategies, meet performance targets and ensure sustainable business development. The board shall annually attest to the effectiveness of the company's controls and risk management systems.

7.2 An adequate risk and control system shall include structures, personnel and policies that support relations and activities between the board and management on internal controls, internal audit, risk management, compliance and external audit.

Internal Control

7.3 The board shall ensure the development and implementation of an effective internal control system. It shall, through the work of the AC, periodically review the effectiveness of the company's internal control system. Internal controls systems protect the company from fraud, waste, embezzlement, misuse of resources, and abuse of power and ensure compliance with laws, regulations and policies.

7.4 The board shall approve internal control structures, powers, duties, responsibilities, procedures and other related matters to counter threats to the business. Internal controls shall be established for every level of the company and for company activities. Managers are to be responsible for internal controls implementation. The system of internal control shall be an integral part of the company culture.

Internal Audit

7.5 The board shall ensure the establishment of an effective, well-resourced and independent Internal Audit function, with its own Charter, to assure the board on the effectiveness of company internal controls.

7.6 To maintain its independence from management, it shall report directly to the AC. The Internal Audit function shall be led by a person, appointed by the AC, who has relevant experience and competence in internal audit and has the authority and standing to carry out the function. The internal audit function shall be staffed by a sufficient number of individuals with competence and experience in internal audit, accounting and audit.

7.7 Internal Audit provides regular evaluation and assessment of the effectiveness of risk management, internal control, anti-corruption rules and whistleblowing and on compliance with laws, regulations and policies to the AC.

7.8 The Internal Audit function shall submit regular reports to the AC on the efficiency and effectiveness of the internal control operations and procedures executed by management.

7.9 The Internal Audit function structure and effectiveness shall be reviewed by the Audit Committee as often as necessary.

Risk Management

7.10 The board, with the support of the Risk Committee (RC), is responsible for the governance of risk, including that risks are regularly identified, measured, evaluated, managed, monitored and reported by management. The RC shall regularly discuss with the board company risks, including sustainability and climate risks, and any material change to such risks and to their management.

7.11 On the advice of the RC, the board shall set the company's risk appetite.

7.12 The board shall ensure that management maintain an effective risk management system to safeguard the interests of the company and that can withstand shocks or high risks. The board shall oversee that management establish risk management structures and rules based on the Three Lines model' and the appointment of a Chief Risk Officer (CRO) with sufficient authority and resources to direct the company's Risk Management function. The CRO shall report directly to the RC to maintain the independence of the function.

7.13 The Risk Management function shall:

- Study and analyse all risks the company may be exposed to, including sustainability and climate-related risks and opportunities, ensure board understanding of those risks and opportunities and make recommendations on the management of those risks and opportunities.

- Regularly report to the RC and the board. Reports to the RC and the board shall describe the current and anticipated effects of specific risks on the company's business model and value chain, any concentrations of risks, the expected time horizon and strategic and financial impact on the company.

- Monitor company activities according to the specified accepted risk levels, including those related to sustainability/ ESG and explain the assumptions and scenarios it expects in managing risks.

- Investigate all violations/breaches of accepted risk levels, including investigating the relevant department/s having such violations.

7.14 The board shall ensure the Risk Management function employees are experienced and qualified in company risk management and that the function is adequately resourced.

7.15 The board shall ensure an efficient and effective information management system to support management and communications of risk information, including that the management system supports the provision of quantitative and qualitative information related to all risks and opportunities, including sustainability risks and opportunities.

Compliance

7.16 The board shall review and approve a policy to ensure company compliance to all applicable laws, regulations and guidelines, including this Framework and company policies.

7.17 The board shall require company executive management to establish an independent compliance function, which shall be adequately resourced by qualified and suitably remunerated personnel.

7.18 The board shall document and approve the tasks, responsibilities and resourcing of the compliance function, publish it on the company website and shall circulate it throughout the company.

7.19 The compliance function shall prepare policies and procedures for AC review and board approval to ensure effective company compliance.

7.20 The compliance function shall report to the AC with copies of any report to be provided to the CEO. The AC shall regularly review and check compliance.

External Audit

An external audit provides an unbiased assessment of the financial statements and if they fairly represent the financial position and performance of the company. An independent, competent external audit builds investor and stakeholder trust in key company information.

7.21 The board shall:

- Ensure all relations with the external auditor and the external audit firm adhere to audit regulations, including Company Law and Audit Instructions.

- Ensure shareholders shall vote on the appointment of the external auditor. Any changes to terms and conditions related to the external auditor shall be board approved.

- Through the AC, support and monitor the work of the external auditor and oversee the external auditor's independence and competence. If additional services are required, board approval shall be sought. If other services are provided to the company by the external auditor, the board will attest to the continuing independence of the external auditor. Fees paid for audit services shall be transparent and reported.

- Approve a policy related to the provision of non-audit services by the external auditor or the external audit firm. The policy shall specifically state services which the company precludes the external audit firm or the external auditor from undertaking.

- The AC shall discuss and monitor the audit plan and its execution and shall ensure regular, effective communication between the external auditor, the AC and the board itself. The AC shall evaluate the audit results and any significant findings.

- Take necessary measures to ensure management addresses issues of weakness in the internal control and risk management systems or other points raised by the external auditor.

8A. Transparency and Disclosure

8A.1 The board shall establish and document robust policies and establish systems and processes to ensure company accountability for financial and sustainability and climate information disclosure impacting investor decisions and as mandated by laws and regulations, including the Disclosure Instructions and disclosures required by Company Law and the Amman Stock Exchange, including ASE climate guidance. Disclosures shall be complete, accurate, reliable, comparable and timely.

8A.2 The company Information Disclosure policy shall include accountability for communications from the company and relations with the Commission and with other regulators and shall include confidentiality safeguards.

8A.3 The board shall establish, monitor and oversee the information disclosure systems and processes to ensure equal access to information for shareholders, investors and other stakeholders and which helps prevent abuse of internal information and insider trading.

8A.4 Information shall be developed applying internationally accepted standards and as the jurisdiction requires. Financial information shall apply IFRS Accounting Standards. Audit and assurance standards applied to company information shall be those standards issued by the International Audit and Assurance Board (IAASB). Sustainability information shall apply IFRS S1 and S2 and any other subsequent standards issued by the ISSB. Wider sustainability information NOT covered by IFRS S1 and S2 may apply other standards, such as GRI. The application of these standards must be clearly identified. Company reporting should adapt and keep pace with continually evolving reporting standards.

8A.5. Separate reports are required annually – The Annual Report, which shall include the Governance Report and the standalone Sustainability Report. The company website shall also be a mechanism for provision of company information and reports and shareholder information and documents.

8A.6 Required disclosures shall be first filed through the JSC electronic platform before any other channels.

8A.7 The Annual Report - shall accurately reflect company strategies and activities in the period and as such each Annual Report will include all instructions under the Disclosure Instructions.

8A.8 The Annual Report will vary company to company and shall include as a minimum: the information required in the Disclosure Instructions in accordance with the financial reporting standards adopted by the JSC**.**

The Annual Report shall be cross-referenced to the Sustainability Report (outlined in 8A.10 to 8A.14 below).

8A.9 The Governance Report incorporated within the Annual Report shall be approved by the board and signed by the Chair of the board and shall include, but is not limited to :

a. "Information and details regarding the application of the provisions of this Code in the company.
b. Names of current and resigning Board members during the year and determining whether the member is executive or non-executive, and independent or non-independent.
c. The names of the representatives of the legal board members and determine whether the representative is executive or non-executive, and independent or non-independent.
d. Executive positions in the company, the names of the persons who occupy those positions, and a description of their qualifications and experience.
e. All the memberships of the boards of directors held by a member of the board of directors in public shareholding companies, if any.
f. Name of the company Governance Liaison Officer.
g. Names of Committees formed by the Board of Directors.
h. Name of the Chairman and Members of the Audit Committee and a description of their qualifications and experience in financial or accounting matters.
i. Name of the Chairman and members of the Nomination and Remuneration Committee, the Governance Committee and the Sustainability Committee and the Risk Committee.
j. The number of meetings for each of the committees during the year with the statement of the members present at the meeting.
k. Number of Audit Committee meetings with the External Auditor during the year.
l. Number of Board of directors' meetings during the year with the members present at the meeting"[9].

8A.10 The Sustainability Report shall be a standalone report, annually produced and shall include material sustainability-related financial information (on the company governance, strategies, risk management and metrics and targets related to sustainability risks and opportunities).

[9] Jordan Securities Commission, Instructions of Corporate Governance for Shareholding Listed Companies for the Year 2017, 2017, p 29.

8A. 11Sustainability Report and climate-related disclosures shall vary from company to company, shall consider industry-related information required by SASB standards, and disclosures shall be prepared in alignment with IFRS S1 and S2.

8A.11.1 The Sustainability Report shall be made available on the same terms and covering the same period as the sustainability-related financial disclosures. It shall provide quality information as required by IFRS S1 and S2 (i.e be relevant to primary users for their investment decisions and faithfully represent material sustainability risks and opportunities. The information shall be complete, neutral and be an accurate representation of sustainability-related risks and opportunities. The information shall be comparable, verifiable, timely and understandable). A similar level of norms and protocols, monitoring and oversight that apply to financial reporting also shall apply to sustainability reporting.

8A.11.2 in summary, IFRS S1[10] specifically requires disclosures about:
"(a) governance—the governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities (see paragraphs 26–27);
(b) strategy—the approach the entity uses to manage sustainability- related risks and opportunities (see paragraphs 28–42);
(c) risk management—the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities (paragraphs 43-44) and
(d) metrics and targets—the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation (see paragraphs 45–53)"[11].

8A.11.3 Among others, IFRS S2[12] specifically requires quantitative and qualitative disclosures about:
- greenhouse gases measured according to the Greenhouse Gas Protocol;
- climate-related transition and physical risks;
- climate-related opportunities;
- capital employed towards climate-related risks and opportunities;
- internal carbon prices;
- how climate matters are integrated into executive remuneration and the % in current period linked to climate-related considerations;
- relevant industry based metrics;
- climate related targets and progress to achievement

8A.12 Sustainability and climate-related material matters/topics shall vary from company to company. The company shall consider some non-exhaustive and key disclosures in the Sustainability Report[13] and choose those that are relevant to the particular company and its industry. (see also SASB Standards).

8A.13 The Sustainability Report shall include, as a minimum, information on or related to:

- The company sustainability policy, structures and resources, to ensure governance and good management of sustainability, and company strategies to address environmental, social and

[10] NOTE: a detailed reading and application of IFRS S1 is required.
[11] Source: IFRS S1 Sustainability Disclosure Standards, 2023, p9. NOTE: a detailed reading and application of IFRS S1 is required.
[12] NOTE: a detailed reading and application of IFRS S2 is required.
[13] See Suggested Metrics for Sustainability Statements – Appendix 7.

governance challenges and on the frameworks or methodology used to disclose sustainability performance.

- How the company determines which sustainability and climate risks and opportunities are material to the company and its prospects (which could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term) and thus should be prioritized.
- Identification of any additional (additional to IFRS S1 and S2) frameworks or standards applied in preparing sustainability information.
- Quantitative and qualitative data and metrics to enhance credibility of the reported information and to enable performance tracking.
- The level of assurance, independent verification, applied to the sustainability information to ensure its accuracy and reliability.
- How the company engages with its stakeholders and responds to their needs and interests.
- The measures the company takes to ensure sustainability is embedded within company operations and reporting.

8A.14 IFRS S1 requires an explicit and unreserved statement of compliance with S1 provisions, unless that disclosure involves commercially sensitive information[14] or if the S1 requirement conflicts with local law or regulation.

8A.15 To facilitate full disclosure, the company shall also set up and maintain a company website and shall appoint a dedicated investor relations officer to coordinate communications and interactions with shareholders and investors. Contact details (phone and email) of the investor relations accountable individual shall be available on the company website.

8A.16 The Exchange shall monitor companies' compliance with the submission of the annual Sustainability Reports required under the provisions of this Code within the prescribed timeframe and shall notify the Commission of any non-compliant companies. Neither the Commission nor the Exchange shall bear any legal liability towards third parties for the accuracy, correctness, completeness, or reliability of the information contained in such reports, or for the extent of their compliance with the applicable standards, including IFRS S1 and IFRS S2, as the responsibility for such matters shall rest solely with the company, its Board of Directors, and the independent assurance providers, if any.

8B. - Climate Disclosure Framework

This Code requires ASE 20 companies to identify and manage the company impact on climate and climate -related issues. The company shall establish policies and processes to identify and reduce its climate-related risk and climate impact. Company activities under this Code shall be aligned with IFRS S2 requirements and ASE climate-related disclosure requirements.

8B.1 The company shall report information, useful to investors about climate related risks (physical and transitional) and opportunities which may be reasonably expected to affect an entity's prospects, cash flows, access to finance, or cost of capital.

[14] See IFRS S1 paragraphs B 34 – B 37.

8B.2 The board shall establish within the company a framework to integrate, oversee, monitor and ensure application of and management for IFRS S2 prescriptions.

8B.3. To enable such disclosures, the board shall establish policies and processes to ensure provision of reliable information and reporting processes on climate-related matters. The board shall:

- Allocate to a specific board committee or board sub-committee, responsibility in the relevant charter/mandate for oversight of climate-related risks and opportunities;
- Develop and ensure in the responsible board committee or sub-committee overseeing climate related risks and opportunities the relevant skills, knowledge and experience to competently monitor and oversee climate-related matters.
- Assess and establish/grow in management and in the company capabilities, competences and resources to enable management of climate risks and opportunities, including management of scenario analysis and building of company climate resilience;
- Establish in management structures, personnel and processes responsibilities to produce accurate and reliable information on actions for and responses to climate-related risks and opportunities. This may require additional systems and tools to provide the required disclosures.
- Ensure integration of climate-related matters into risk management policies, practices and reporting, including reporting on relevant metrics and targets.
- Disclosures shall require quantitative and /or qualitative information explaining or leading to:
  - Governance of and strategies for managing and responding to climate-related risks and opportunities;
  - An understanding of likely climate-related risks and opportunities that may affect the company's prospects, the time frames for expected occurrence, financial implications of the risks and opportunities and impact on the current business model and value chain;
  - Metrics and targets applicable across industry peers and across industries. These shall include metrics on climate-related physical and transition risks and opportunities and on greenhouse gas emissions[15] (See also **Appendix 7 Suggested Metrics**).

9. Rights of Shareholders

The company shall establish a framework that ensures all shareholders, including minority shareholders, are treated fairly and equitably and that their rights are respected. This section of the Code shall be read in conjunction with other applicable laws and regulations.

9.1 The board shall commit to shareholder protection and to upholding shareholder rights as required in laws and regulations and the board shall create ways so shareholders may freely exercise their rights. The board shall develop and approve a shareholder policy which states basic shareholders rights, including rights to a share of company profits and to information on material company matters.

[15] See also ASE Climate Disclosure Guidelines and IFRS S2, accessible at https://www.ase.com.jo/sites/default/files/2025-02/Disclosure%20Guidance.pdf and https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s2-climate-related-disclosures.pdf?bypass=on

9.2 The board shall clearly state the company approach to minority shareholders and ensure their rights are respected (see also paragraph 10 below).

9.3 The board shall encourage and facilitate shareholder participation (in person or in absentia) at the AGM (or EGM) by clearly prescribing procedures for participation, including voting procedures, and notifying shareholders of these processes.

9.4 Shareholders shall have the right to vote on fundamental corporate changes such as amendments to company Articles, capital increases or decreases, and on specific transactions such as the sale of assets, or any part thereof, that affects the company's continuity.

9.5 Time should be allowed on the AGM agenda for shareholders to ask questions of the board and senior management. For accountability, board members, and Chairs of board committees, senior management (including General Manager/CEO, CFO, CRO and internal auditor) and the external auditor should attend the AGM to answer relevant questions put to them by shareholders.

9.6 Voting on all resolutions put at the AGM shall be made public immediately after the AGM. Minutes of the AGM shall be filed with JSC within 3 days of their documentation by the Companies Controller and should be available on the company website.

9.7 The board shall establish and approve a policy on RPTs, aligned with laws and regulations on RPTs, that ensures all transactions are negotiated at arm's length on market terms and conditions and are subject to robust review and approval processes. The board shall oversee implementation of the RPT policy.

9.8 The RPT policy shall include clear company processes to identify, review, disclose, manage and approve such transactions. The policy shall identify related persons and entities, types of RPTs, approval thresholds, processes for review, disclosure and conduct of RPTs. Related parties shall not be involved in discussing or negotiating such transactions where a conflict of interest arises. The RPT policy shall be regularly reviewed and updated and publicly disclosed through the company website. Details of RPTs (names, relationships, transaction values) shall be included in the Annual Report.

10. Governance of Stakeholder Relations

A company operates with and within a community of stakeholders, which may include employees, consumers, suppliers, contractors, clients, creditors, regulators, and local communities. The company shall engage and manage its relation with its stakeholders with respect and integrity and shall respect the rights of stakeholders. Stakeholders shall have the right to obtain timely, reliable, adequate, relevant information.

10.1. The board shall take into consideration and balance/weigh the interests and needs of material stakeholders when making decisions and ensure the long-term best interests of the company are served.

10.2. The board shall establish and approve a policy and process to encourage the engagement of stakeholders. The policy shall apply current best practices in stakeholder engagement. The policy and company activities with stakeholders shall be disclosed, transparent and effective.

10.3 Relations with stakeholders shall involve the board and management and shall include:

- Identification, assessment and engagement of and communication with stakeholder's material to the company and its business;
- Consideration of the interests and needs of stakeholder groups, including those related to society and the environment;
- Methods of and regular dialogue/communication/engagement between stakeholder groups and the company. These may include establishing an investor relations function, planning for engagement, engagement materials and forums, briefings and electronic communications. Dialogue may also involve establishing a feedback or complaints/grievance mechanism.
- Disclosure in the Sustainability Report of key areas of focus and identification and management of stakeholder relationships.

11. Sustainability Framework

11.1 The board shall establish a Sustainability Framework, including structure, methodology and practices for aligning and embedding sustainability and sustainability practices into company values, strategies, operations, decision making and reporting. A Sustainability Framework shall be individual to each particular company and shall impact at board level and at management level. The Board shall establish a Governance Committee and a Sustainability Committee of board members to oversee governance and sustainability matters.

11.2 Management is responsible for implementation of the company sustainability policies and strategies.

11.3 Management shall ensure there are sufficient personnel with sustainability and climate-related knowledge and skills and adequate management systems to implement the company sustainability policies and strategies, including risk management, and to annually report accurately and reliably on sustainability.

11.4 A company sustainability framework which measures, manages and reports on sustainability, including environmental, social and governance performance, shall include development and implementation of:

- Structures at board and management levels for and accountability for establishing policy and practices for sustainability of operations, strategies and decisions.
- Structures and practices required at board level to monitor and oversee sustainability performance. These shall be the responsibility of the Governance Committee and Sustainability Committee which may liaise with other board committees on sustainability matters of mutual interest. The board shall be responsible for determining how sustainable strategies material to the company are embedded in strategy formulation.
- Structures and practices required at management level to manage and report on sustainability, including changes to integrate accountabilities for and work of operational functions and business units for sustainability.
- Links between company sustainability, financial management and risk and control frameworks and how these will be monitored, overseen and reported.
- Personnel and their capabilities and future personnel needs in sustainability knowledge and skills at board and management level.

- Key steps to embed and achieve company sustainability and metrics to measure and report progress to sustainability. The framework shall implement data and information flows to enable reliable reporting on sustainability performance.
- Amendment to annual reporting and assurance practices to include sustainability reporting requirements, providing data and information on targets and metrics to measure performance.
- Management may require tools and technologies, such as an Environmental and Social Management System (ESMS), to adequately manage sustainability policies, practices, activities, information and reporting.
- Current trends in sustainability developments and implications for corporate sustainability structures, policies, practices, personnel and reporting.

D. - Definitions and Acronyms

	Term	Definition
	Note	All terms in the Code are neutral. ‘He’ applies also to ‘she’. ‘Chair’ shall be read as ‘Chairman’ and ‘Chairwoman’.
1	**Corporate governance**	Corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. The purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity.
2	**Governance Report**	A report on the applications and practices of the company that relate to corporate governance. The Governance Report shall be included in the Annual Report. The Governance Report shall be approved by the board and signed by the Board Chair.
3	**Company culture**	Is the values that inform the board, management and employees actions and the resulting behaviour and should serve as a basis for determining individual actions and those of others. A healthy culture helps prevent misconduct.
4	**Board committees**	Are the permanent committees formed by the board of directors and are the Audit Committee (AC), the Nomination and Remuneration Committee (NRC), Risk Committee (RC), the Governance Committee (GC), and the Sustainability Committee (SC).
5	**Responsibility**	Ensures that the organization complies with all legal and moral obligations, including the responsibility to recognize the rights of shareholders and those of stakeholders as established by law and encourage active cooperation between companies and all stakeholders in creating wealth and jobs and ensuring company sustainability.
6	**Accountability**	Ensures that the organization and its members are responsible for their actions and decisions.
7	**Fairness**	Ensures that everyone is treated equally and ensures protection of shareholder rights and the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for any violation of their rights.
8	**Transparency**	Ensures that all material information is shared, is reliable, complete, comparable and accurate, and is timely. Information shall be financial and non-financial and shall include sustainability risks and opportunities.
9	**Sustainability**	Is the capacity for a company to remain successfully in business over the long term, which involves and includes the management of environmental, social and governance (ESG) risks and opportunities, as well as ensuring the company acts responsibly and ethically over the long term. Company sustainability ensures the company meets the needs of the present without compromising the capacity of the company to meet its needs in the future. ESG and sustainability are used interchangeably in the Code.
10	**Sustainability Report**	Is a standalone report based on IFRS S1 and S2 explaining to investors/shareholders, the risks and opportunities the company faces to ensure longevity of value creation. The Sustainability Report shall be subject to the same rigorous development processes, board oversight and board approval processes as the Annual Report. The entity shall disclose information that enables users to understand the financial impact of sustainability risks and opportunities on the

		current and future financial position, financial performance and cash flows of the entity (see IFRS S1 para 35 and 35).
11	**Board Charter**	The Board Charter is a document that formalizes and clearly states the board's roles, responsibilities and accountabilities.
12	**Publicly disclose**	Means to make available to the general public in a publicly available document or through publication on the JSC/ASE platform and then on the company website. For ease of access and currency of material, use of the company website is recommended. The JSC as regulator can and may require other or additional public disclosures, beyond those mentioned in this Code.
13	**Executive board member**	A board member who is also a full-time employee or employee of the company or receives a salary from the company
14	**Non-executive board member**	A member who is not a full-time employee or employee of the company and does not take part in day-to-day company operations or receive a salary from the company. Non-executive board members may or may not also be 'independent'.
15	**Independent director**	An independent director is a natural or juridical person (also sometimes known as an outside director) is a member of a board of directors who does not have a material relationship with company, its board members, its General Manager/CEO, affiliates or subsidiaries or auditors. The independent director is a non-executive director who is free from any interest, position or relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his/her independent judgement or could influence decisions or could exploit their position. An independent director is independent in conduct, character and judgment. Indicators of lack of independence of a director include having been employed by the company , its affiliates or subsidiaries in the previous three years; being an auditor or advisor to the company in the previous three years; being a shareholder of the company owning 5% or more of its shares; having interests in or dealings with the company, such as in contracts or projects; or being a relative of senior management or other directors of the company.
16	**Financial expert**	Usually, the term refers to a professionally qualified accountant or CPA. The Securities and Exchange Commission (SEC) of the US explained[16] the term and which is widely accepted to include: - having an understanding of accounting standards and their application and of financial statements; - ability to assess general application of accounting and financial reporting principles especially regarding estimates, accruals and reserves; - experience in preparing, auditing, analyzing or evaluating financial statements to the degree of scope and complexity of accounting and financial statements of the company. The expert may have experience actively supervising one or more people engaged in those activities.

[16] In the Sarbanes-Oxley Act, S407 requires the SEC to elaborate the meaning of 'financial expert'. The SEC did so – it is accessible at https://www.sec.gov/files/rules/final/33-8177.htm

		- the capacity to understand internal controls and procedures for financial reporting and be able to understand audit committee functions. - It is important the Audit Committee and Risk Committee is led by an independent financial expert.
17	**Financially literate**	Financial literacy is a set of awareness, knowledge, skills, attitudes, and behaviors that enable individuals to make informed, financial decisions. They may have gained these skills through experience not necessarily through qualifications. Financial literacy for audit committee purposes includes an understanding of the role of an audit committee and of the business. Each person shall be capable of applying a critical view to the company's reporting.
18	**Qualified** (as for board committees)	Means that members of the specific board committee have skills, knowledge and/or experience sufficient to deal with the responsibilities and matters that come before the committee under the committee Charter. Committee members may become 'qualified' by undertaking relevant training or education.
19	**Risk appetite**	Risk appetite is the level of risk an organization is willing to accept in pursuit of its objectives. The RC should develop for board approval the Risk Appetite policy and oversee company operations are within risk appetite parameters.
20	**Whistleblower**	Is a person with internal knowledge and who reports actual or suspected misconduct, dishonest or illegal activity.
21	**Sustainability-related risks and opportunities**	Means 'all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term'.[17] These direct and indirect risks and opportunities arise from interactions between the company and its stakeholders, society, the economy and the natural environment, throughout the entity's value chain. They reflect the interdependent system between the entity, and its resources and relationships in its value chain, through its activities and its outputs. Disclosures shall be on governance, strategy, risk management and metrics and targets related to sustainability risks and opportunities. These exclude sustainability risks and opportunities NOT expected to affect an entity's prospects. This applies even if IFRS financial standards are not applied for financial statements. (See also definition of climate-related risks and opportunities)
22	**Stakeholders**	Are groups and individuals who directly or indirectly influence or may be influenced by the company and its operations and entities and includes regulators, employees, shareholders, lenders, suppliers, customers or clients , local communities and others.
23	**Related Party**	'Related Party' (RP or RPs) shall be defined in the company RPT Policy and shall align with the international definition of related parties provided in IAS 24. RPs include persons or entities. A related party includes all those who have a direct or indirect relationship with the company that may allow them to influence company decisions. RPs include board members, senior management, shareholders owning 5% or more of shares, close family members, and entities or affiliates of the aforementioned.

[17] Definition taken from IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, June 2023, p6.

24	**Close family members**	Father, Mother, Brother, Sister, Husband, Wife and Children
25	**Sustainability Framework**	Is a set of policies, strategies, structures at the board and in management, tools, standards and methods of monitoring and funding activities, metrics and indicators that assess the sustainability of an entity and its prospects, its sustainable performance and capabilities. Some common standards have been established by IFRS/ISSB, SASB, GRI, TCFD, CDP and others. A sustainability framework can be established to measure sustainability of a company's approaches to environmental, social and governance practices.
26	**Information to be disclosed**	All material information that may be reasonably expected to influence an investment decision and includes all periodic reports, including the Annual Report, including the Governance Report, and the Annual Sustainability Report. Disclosure may be in reports, to regulators or to the public and shareholders on the JSC/ASE platform first, then on the company website. Disclosures required by regulators is included.
27	**Sustainability Disclosures Qualities**	All disclosures shall be relevant to primary users/investors in their decisions and shall faithfully represent the matter. Disclosures shall be complete, neutral and accurate representations of the sustainability risks and opportunities. Information provided shall be comparable, verifiable, timely and understandable.
28	**Minority Shareholders**	Shareholders holding less than 5% of company's paid-up capital
29	**Remuneration matters**	Remuneration matters include matters relating to all forms of recompense (cash and in-kind) and shall include bonuses, stock options, benefits, including pension fund benefits, incentives and salaries.
30	**ESMS**	Is a management system, a set of processes and practices that help to consistently implement a company's policies to meet business objectives. NOTE: the IFC ESMS Implementation Handbook provides step-by-step instructions on how to develop and implement a management system to address common ESG risks and impacts that companies are likely to face[18].
31	**Greenwashing**	Greenwashing occurs when a company makes public claims regarding its sustainability practices and performance that do not clearly and fairly reflect the underlying sustainability profile of the company, its products or services. Such claims, whether purposely or inadvertently, may overstate the positive (or understate the negative) environmental or social impacts of the company, its products or services, misleading consumers, investors and other stakeholders.
32	**Transition Provisions - comparative information**	In the first year of application of IFRS S1 and S2, companies are not required to provide comparative information for their sustainability disclosures. This means they don't need to present previous year's data alongside the current year's information on sustainability matters.

[18] Environment and Social Management System (ESMS) IFC, accessed at https://www.ifc.org/content/dam/ifc/doc/mgrt/esms-handbook-general-v21.pdf

33	**Climate-related risks and opportunities**	Are risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term and are: a. climate-related risks to which the entity is exposed, which are: i. climate-related physical risks; and ii. climate-related transition risks; and b. climate-related opportunities available to the entity.
34	**Material Matters and Materiality**	IFRS S1 applies the IFRS definition which focuses on information suitable for user decisions. The IFRS views 'material' as follows: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. To assist companies applying the concept of materiality to sustainability matters, the IFRS issued educational guidance, *Sustainability-related Risks and Opportunities and Disclosure of Material Information*, accessible at https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/issb-materiality-education-material.pdf See also https://www.ifrs.org/news-and-events/news/2018/10/iasb-clarifies-its-definition-of-material/

	Acronyms	
	AC	Audit Committee
	ASE	Amman Stock Exchange
	AGM	Annual General Meeting
	RC	Risk Committee
	CEO	Chief Executive Officer/General Manager
	CFO	Chief Finance Officer
	CRO	Chief Risk Officer
	CCD	Companies Control Department
	CL	Companies Law
	CDSB	Climate Disclosure Standards Board
	CDP	Climate Disclosure Project
	ESG	Environmental, Social and Governance
	ESRS	Environmental and Social Reporting Standards
	ESMS	Environmental and Social Management Systems
	GC	Governance Committee
	IA	Internal Audit or Auditor
	IFC	International Finance Corporation of the World Bank Group
	IFRS	International Financial Reporting Standards
	ISSB	International Sustainability Standards Board
	JSC	Jordan Securities Commission
	NRC	Nomination and Remuneration Committee
	RPs	Related Parties
	RPTs	Related Party Transactions
	S1	IFRS S1 General Requirements for Disclosure of Sustainability-Related Financial Information
	S2	IFRS S2 Climate-Related Disclosures
	SASB	Sustainability Accounting Standards Board
	SC	Sustainability Committee
	SEC	Securities and Exchange Commission of the US

E. – Appendices

Appendix 1 ESG Matters Explained

The table below summarizes these factors and provides examples of key ESG factors which are relevant to many companies.

Environmental

Businesses rely on natural resources and physical assets to perform their operations. Products and services may directly or indirectly impact the environment.

- Climate change
- Carbon management
- Resource depletion
- Pollution
- Energy consumption
- Land use
- Loss of biodiversity
- Water consumption
- Waste management
- Innovations or products or services that reduce environmental impact

Social

To conduct their operations, companies harness the talent and skills of their employees. Products and services, and operating activities involved in production, may benefit society or cause harm.

- Job creation and working conditions
- Equal opportunity
- Diversity
- Training
- Impacts on local communities
- Health and safety
- Child and forced labor across supply chains
- Grievance mechanisms
- Human rights
- Social impact of products, services, or company operations
- Gender-based violence and harassment

Governance

When making decisions and allocating their natural, human and financial resources, companies should consider how they will create long-term value that will benefit all stakeholders.

- Purpose, values and culture
- Board diversity, structure and oversight
- Succession planning
- Executive pay
- Internal controls
- Risk governance
- Ethics and compliance
- Shareholder rights
- Governance of stakeholder engagement
- Disclosure and transparency

Source: International Finance Corporation, 2021, ESG Guidebook, accessible at https://www.ifc.org/content/dam/ifc/doc/mgrt/ifc-esg-guidebook.pdf

Appendix 2 - Overview – IFRS Sustainability Disclosure Standards (IFRS S1 and S2)

“IFRS S1: This standard requires companies to share material information about sustainability risks and opportunities that could affect their cash flows, access to financing, or cost of capital in the short, medium, or long term. Additionally, companies are required to disclose how current and expected sustainability risks and opportunities impact their business model and value chain.

IFRS S2: This standard is meant to complement IFRS S1 by requiring companies to disclose climate-related information, focusing on physical risks, transition risks, and climate-related opportunities. It builds on existing frameworks such as CDP, TCFD, SASB and CDSB. While IFRS S1 is applicable to any industry, IFRS S2 specifically calls for reporting on metrics that are unique to each industry.

For businesses, the IFRS Sustainability Disclosure Standards are expected to make the disclosure process easier while also allowing for better benchmarking and cost savings. Investors are likely to find these standards helpful for guiding their investment decisions, supporting sustainability and climate-related due diligence, and tracking and analysing how portfolio companies perform compared to their peers.”

Source: ESG Standards and Frameworks, issued by D. Joseph of Risk Sphere, November 2024 accessible at https://www.consultancy.eu/news/10890/decoding-the-many-esg-standards-and-frameworks-a-comparison

NOTE: The IFRS standards S1 and S2 are accessible on the IFRS website and after registration – www.ifrs.org

IFRS S1 is accessible at https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s1-general-requirements-for-disclosure-of-sustainability-related-financial-information.pdf?bypass=on

IFRS S2 is accessible at https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s2-climate-related-disclosures.pdf?bypass=on

Appendix 3 – Possible Company Policies

Companies may formalize particular policies through board approval, to ensure good management of workplace issues that may arise. Below is list of policies companies may use.

- Bullying, Harassment & Discrimination Policy
- Code of Conduct and Ethics
- Compensation Policy
- Conflict of Interests Policy
- Continuous Disclosure Policy
- Diversity Policy
- Drug & Alcohol Policy
- Flexible Working Policy
- Grievance Policy
- Health and Safety Policy
- IT and IT Security Policy
- Leave Policy
- Mobile Phone Use Policy
- Procurement Policy
- Social Media Policy
- Travel and Vehicle Use Policy
- Whistleblowing Policy
- Working from Home Policy

Appendix 4 - **Contents of a Typical Board Charter**

Typical matters covered by a board charter includes the following:

- directors' duties;
- role of the board;
- role of the CEO;
- role of the chair;
- role of the board secretary;
- board responsibilities;
- board membership;
- independence and composition;
- board committee charters (Audit Committee charter; Risk Committee charter; Nomination and Remuneration Committee charter; Sustainability Committee charter; Corporate Governance Committee charter);
- board and board committee meetings processes;
- conflicts management;
- access to management and independent advice;
- induction and continuing training;
- performance review.

Source: Adapted from ASX Corporate Governance Council Guidance as stated in the AICD Director Tools - Board Charters (2020) accessed at: https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-tools/organisation/board-charters-director-tool.pdf

See also AICD publication Board Charters, 2025, accessible at https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-tools/organisation/board-charters-director-tool.pdf

Appendix 5 – Example 1: Board Skills Matrix

Key Board Skills/Expertise/Competencies	
Entrepreneur/Leadership	Extended entrepreneurial/leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning and risk management. Strength demonstrated in developing talent, planning succession and driving change as well as long-term growth.
Engineering and Technology	Engineering and the development of new technologies, involving application of scientific and mathematical knowledge, to design and to operate objects, systems and processes to help the Company solve problems and reach its goals.
Financial Expertise	Education and experience as an Auditor or Public Accountant or a principal financial officer, comptroller or principal accounting officer or holding a position involving performance of similar functions.
Global Exposure	Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures and regulatory framework as well as a broad perspective on global market opportunities.
Automobile Industry Experience	A significant background in automotive or similar industries, resulting in knowledge of how to anticipate market trends, generate disruptive innovation and extend or create new business models.
Diversity	Representation of gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders worldwide.
Mergers and Acquisitions	Experience or track record of leading growth through acquisitions and other business combinations, with the ability to assess 'build or buy' decisions, judiciously analyse the fit of a target with the Company's strategy and culture, accurately value transactions and evaluate plans for operational integration.
Board Service and Governance	Service on the Boards of other public companies, posses insights on maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, as well as enhance brand reputation.

Name of Director	Entrepreneur/ Leadership	Engineering & Technology	Financial Expertise	Global Exposure	Automobile Industry Experience	Diversity	Mergers & Acquisitions	Board Service & Governance	Sales & Marketing
Mr N Chandrasekaran	√	√	√	√	√	√	√	√	√
Mr Om Prakash Bhatt	√	-	√	√	-	√	√	√	-
Ms Hanne Sorensen	√	-	√	√	√	√	√	√	√
Ms Vedika Bhandarkar	√	-	√	√	√	√	√	√	√
Mr K V Chowdary	√	-	√	-	-	√	√	√	-
Mr Al-Noor Ramji	√	√	√	√	-	√	√	√	√
Mrs Usha Sangwan (1)	√	-	√	√	-	√	√	√	√
Mr Mitsuhiko Yamashita (2)	√	√	-	√	√	√	√	√	-
Mr Girish Wagh	√	√	-	-	√	√	√	√	√

(1) *Appointed as an ID of the Company for a period of 5 years commencing from May 15, 2023 to May 14, 2028, vide Special Resolution passed by the Shareholders at the 78th AGM of the Company held on August 8, 2023.*

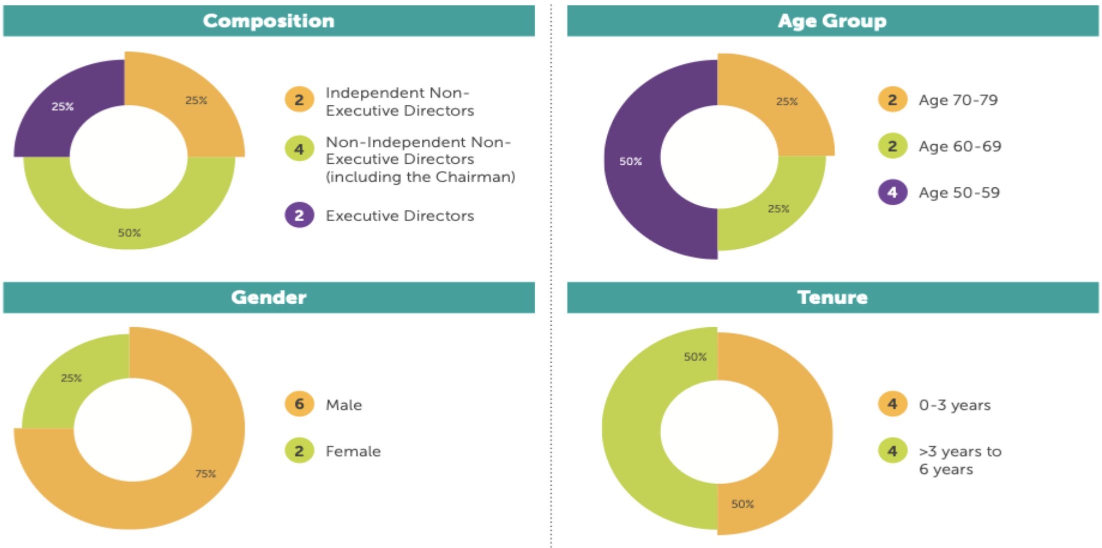
(2) *Ceased to be an NINED of the Company with effect from October 27, 2023, upon attaining the retirement age as per the Company's Governance Guidelines on Board Effectiveness.*

Source: Tata Motors 2023-2024 Integrated Annual Report, p. 235 accessed at https://static-assets.tatamotors.com/Production/www-tatamotors-com-NEW/wp-content/uploads/2024/05/tata-motor-IAR-2023-24.pdf

Appendix 5 – Example 2: Board Skills Matrix

PETRONAS Integrated Report 2023

Board Composition



Board Skills and Expertise

Oil and Gas	1
Public Sector	3
Property	3
Consultancy	2
Finance/Audit	5
Economics	3
Commercial/Marketing	4
Legal	2
Strategy	5

Note:
A Director may have more than one experience and skill.
All information is as at 28 February 2024.

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Source: Petronas, Malaysia, Integrated Annual Report 2023, p210, accessible at https://www.petronas.com/integrated-report-2023/assets/pdf/PETRONAS%20Integrated%20Report%202023.pdf

NOTE: A Guide for Preparing a Board Skills Matrix is available from the Australian Institute of Company Directors and is accessible at https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-tools/board/guidance-preparing-board-skills-matrix-director-tool.pdf
NOTE: another Guide on a Skills matrix is available in the Australian Stick Exchange website, accessible at https://www.asx.com.au/content/dam/asx/about/corporate-governance-council/creating-disclosing-board-skills-matrix.pdf

Appendix 6- Example of Board Charter for a Sustainability Committee's Activities

Woodside Energy Group Limited, Australia, a leader in the development of the liquid natural gas (LNG) industry and operates across the energy areas of oil, gas and new energy, has developed a Charter for its Sustainability Committee (see below).

Contents

1 ROLE

1.1 The Role of the Committee

The Sustainability Committee (Committee) will assist the Board to meet its oversight responsibilities in relation to the Company's sustainability policies and practices.

2 DUTIES

2.1 The Duties of the Committee

The duties of the Committee include reviewing, and making recommendations to the Board on, the Company's policy and performance in relation to sustainability-related matters, including:

(a) health and safety;
(b) process safety;
(c) the environment;
(d) climate change;
(e) human rights;
(f) First Nations cultural heritage, historical cultural heritage and land access;
(g) security and emergency management; and
(h) community relations.

3 COMPOSITION OF THE COMMITTEE

3.1 Composition

The Committee will be appointed by the Board and will be composed of:

(a) only non-executive Directors;
(b) at least three members, at least one independent;
(c) a Chair, also appointed by the Board, who is one of those independent non-executive Directors; and
(d) at least one member possessing relevant skills, experience or qualifications in sustainability- related matters.

4 MEETINGS

4.1 Committee Meetings

The Committee will meet at least four times each year, and at such additional times as the Chair of the Committee will decide in order to fulfil its duties.

4.2 Agenda
An agenda and any supporting documentation will be circulated to members of the Committee in advance of each meeting. The Chair of the Committee will report the deliberations of each meeting of the Committee to the subsequent Board meeting.

4.3 Minutes
The Company Secretary will be responsible for keeping minutes of the meetings together with copies of all materials put before the Committee. Minutes of the meetings are distributed first to the Chair of the Committee for confirmation and then to members as soon as practicable, and distributed to all Directors with their Board papers (unless circumstances otherwise require, for example where there is a conflict of interest).

4.4 Quorum
The quorum for a meeting of the Committee will be a majority of the members.

4.5 Attendance
In addition to the members of the Committee, any other Directors wishing to be present are entitled to attend Committee meetings (except in circumstances where there is a conflict of interest). The Committee may extend an invitation to any person to attend all or part of any meeting which it considers appropriate. In particular, the Committee may meet with external advisers, any executive or other employee, any other non-executive Director, and may do so with or without management present.

5 AUTHORITY
5.1 Authority of the Committee
The Committee is authorised:

1. to seek any information it requires in order to perform its duties, from any employee of the Company; and
2. to obtain, at the Company's expense, external legal or other professional advice on any matter within its Charter.

6 REVIEW
6.1 Review of this Charter
The Committee's Charter will be reviewed regularly and updated as required.
Reviewed by the Woodside Energy Group Ltd Board in December 2024.

Source: Woodside Energy Group Limited website, accessible at https://www.woodside.com/docs/default-source/about-us-documents/corporate-governance/board-and-committee-charters/sustainability-committee-charter-(december-2019).pdf?sfvrsn=c563fa7c_22

Appendix 7 – Suggested Metrics for Sustainability Statements/Reports
Since August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. SASB industry standards are required to be considered under the application of IFRS S1 and IFRS S2.

The following excerpts are from the ISSB and SASB websites.

Excerpt 1

SASB Standards connect business and investors on the financial effects of sustainability.

SASB Standards help companies disclose relevant sustainability information to their investors. Available for 77 industries, the SASB Standards identify the sustainability-related risks and opportunities most likely to affect an entity's cash flows, access to finance and cost of capital over the short, medium or long term and the disclosure topics and metrics that are most likely to be useful to investors.

As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance and evolve the SASB Standards and encourages preparers and investors to continue to use the SASB Standards.

Excerpt 2

The Sustainability Accounting Standards Board (SASB) provide a large number of specific metrics to be applied for many industries. These are available in the SASB Navigator which is accessible at https://navigator.sasb.ifrs.org/sector/TR/industry/TR-AL?industry_tab=disclosure-topics

Each industry standard covers disclosure topics and metrics, activity metrics, including technical details for each metric.

Below are excerpts from the SASB Navigator website. This example is of requirements for the Transportation Industry, for the subset of Airlines.

Welcome to the SASB Standards Navigator

The SASB Standards are a source of guidance for applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. The SASB Standards help companies identify and disclose material information about sustainability-related risks and opportunities in the absence of specific IFRS Sustainability Disclosure Standards.

The SASB Standards identify the sustainability-related risks and opportunities most relevant to investor decision-making in 77 industries.

Use the tools below to find your industry and access HTML and PDF files of the current SASB Standards.

SASB Industry Standard Example: Airlines

Airlines industry entities provide air transportation globally to passengers for both leisure and business purposes. This includes commercial full-service, low-cost and regional airlines. Full-service carriers typically use a hub-and-spoke model to design their routes within countries and internationally. Low-cost carriers usually offer a smaller number of routes as well as no-frills service to their customers. Regional carriers typically operate under contract to full-service carriers, expanding the network of the larger carriers. Many airline entities also have a cargo segment in their operations to generate additional revenue. Entities in the industry commonly form partnerships or join alliances to increase network size. Operating as an alliance allows airlines to offer customers access to international or otherwise underserved itineraries on more than one airline under one ticket. At the same time, airlines share some overhead costs and increase their competitive position in the global market without having to operate outside their home country.

Summary Table: Airlines

Topic	Metric	Category	Unit of Measure	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO_2-e	TR-AL-110a.1
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	TR-AL-110a.2
	(1) Total fuel consumed, (2) percentage alternative and (3) percentage sustainable	Quantitative	Gigajoules (GJ), Percentage (%)	TR-AL-110a.3
Labour Practices	Percentage of active workforce employed under collective agreements	Quantitative	Percentage (%)	TR-AL-310a.1
	(1) Number of work stoppages and (2) total days idle [1]	Quantitative	Number, Days idle	TR-AL-310a.2
Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations [2]	Quantitative	Presentation currency	TR-AL-520a.1
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	Discussion and Analysis	n/a	TR-AL-540a.1
	Number of aviation accidents	Quantitative	Number	TR-AL-540a.2
	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	TR-AL-540a.3

[1] *Note to TR-AL-310a.2– The disclosure shall include a description of the reason for each work stoppage, effect on operations and any corrective actions taken.*

[2] *Note to TR-AL-520a.1– The entity shall briefly describe the nature, context and any corrective actions taken because of monetary losses.*

More details follow in the Navigator regarding the technical requirements for each of these metrics.

Source: The ISSB/SASB Navigator which is accessible at https://navigator.sasb.ifrs.org/sector/TR/industry/TR-AL?industry_tab=disclosure-topics