



## Corporate Governance Regulation

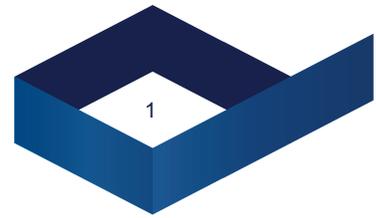
Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company





**The company's corporate governance regulation and the amendments  
that were made to it were approved in accordance with  
Board of Directors decision  
Zahrat Al Waha For Trading Company - Saudi public joint stock company  
On 07/09/1441 AH, corresponding to 03/04/2020**

**This regulation has been approved  
By the decision of General Meeting Assembly  
Zahrat Al Waha For Trading Company - Saudi public joint stock company  
On 26/08/1441 AH corresponding to 19/04/2020**

## Contents

### **Part one: Introduction provisions**

- Article One: Introduction
- Article Two: In Preparation
- Article Three: The objectives of the regulation

### **Part Two: Shareholders' Rights**

#### **Chapter One: General Rights**

- Article Four: Equitable treatment of shareholders
- Article Five: Rights related to shares
- Article Six: Shareholder's access to information
- Article Seven: Communication with shareholders
- Article Eight: Nomination of Board Members
- Article Nine: Obtaining profits

#### **Chapter Two: Rights Associated with the General Assembly Meeting**

- Article Ten: Introduction
- Article Eleven: Terms of reference of the Extraordinary general assembly
- Article Twelve: The functions of the General assembly
- Article Thirteen: Shareholders' Assembly
- Article Fourteen: The agenda of the General Assembly
- Article Fifteen: Management of the Shareholders Association

### **Part Three: The Board of Directors**

#### **Chapter One: Formation of the Board of Directors**

- Article Sixteen: Composition of the Board of Directors
- Article Seven: Appointment of Board Members
- Article Eighteen: Conditions for Board Membership
- Article Nineteen: Termination of Board Membership
- Article Twenty: Symptoms of Independence

#### **Chapter Two: The responsibilities and authority of the Board of Directors**

- Article Twenty-One: Responsibility of the Board of Directors
  - Article Twenty-Two: The Basic Functions of the Board of Directors
  - Article Twenty-Three: Distribution of Functions and Tasks
  - Article Twenty-Four: Separation of Positions
  - Article Twenty-Five: Overseeing the Executive Management
  - Article Twenty-Six: The functions and tasks of the executive management
-

### **Chapter Three: Functions of the Chairman and Members of the Board of Directors**

- Article Twenty-Seven: The functions and tasks of the Chairman of the Board of Directors
- Article Twenty-eight: Appointing the CEO, after the end of his services, as Chairman of the Board of Directors
- Article Twenty-Nine: Principles of honesty, honesty and loyalty
- Article Thirty: Duties of the members of the Board of Directors
- Article Thirty-One: Duties of the Independent Member

### **Chapter Four: Board of Directors work procedures**

- Article Thirty-Two: Meetings of the Board of Directors
- Article Thirty-Three: Remarks of Board Members
- Article Thirty-Four: Organizing attendance at Board of Directors meetings
- Article Thirty-Five: Board of Directors' agenda
- Article Thirty-Six: Exercising the competencies of the Board of Directors
- Article Thirty-Seven: Secretary of the Board of Directors
- Article Thirty-Eight: Conditions for the Secretary

### **Chapter Five: Training, Support and Evaluation**

- Article Thirty-Nine: Training
- Article Forty: Providing Information for Members
- Article Forty-One: Evaluation

### **Chapter Six: Conflict of Interest**

- Article Forty-Two: Dealing with conflict of interest and related parties' deals
- Article Forty-Three: Conflict of Interest Policy
- Article Forty-Four: Avoiding Conflicts of Interest
- Article Forty-Five: Candidate Disclosure of Conflict of Interest
- Article Forty-Six: Company Competition Controls
- Article Forty-Seven: The Concept of Competition Business
- Article Forty-Eight: Refusal to grant a license
- Article Forty-Nine: Acceptance of Gifts

### **Part Four: Company Committees**

#### **Chapter One: General Provisions**

- Article Fifty: Formation of Committees
- Article Fifty-One: Membership of committees
- Article Fifty-Two: Study of the topics
- Article Fifty-Three: Committee meetings

## **Chapter Two: Audit Committee**

Article Fifty-Four: Formation of the Audit Committee

Article Fifty-Five: The Committee's Competences, Authority and Responsibilities

Article Fifty-Six: Conflict between the Audit Committee and the Board of Directors

Article Fifty-Seven: Meetings of the Audit Committee

Article Fifty-Eight: Comments submission arrangements

Article Fifty-Nine: Authority of the Audit Committee

## **Chapter Three: Nominations and Remuneration Committee**

Article Sixty: Formation of the Nomination and Remuneration Committee

Article Sixty-One: Terms of reference of the Nomination and Remuneration Committee

Article Sixty-Two: Remuneration Policy

Article Sixty-Three: Nomination procedures

Article Sixty-Four: Nomination Disclosure

Article Sixty-Five: The Shareholder's Right to Candidacy

Article Sixty-Six: Meetings of the Nomination and Remuneration Committee

## **Chapter Four: Risk Management Committee**

Article Sixty-Seven: Formation of the Risk Management Committee

Article Sixty-eighth: Terms of reference of the Risk Management Committee

Article Sixty-Nine: Meetings of the Risk Management Committee

## **Part Five: Internal Control**

Article Seventy: The Internal Control System

Article Seventy-One: Establishing independent departments for the company

Article Seventy-Two: The tasks of the internal audit department

Article Seventy-Three: The formation of the internal audit department

Article Seventy-Four: The internal audit plan

Article Seventy-Five: The internal audit report

Article Seventy-Six: Preservation of the internal audit reports

## **Part Six: The Company's Auditor**

Article Seventy-Seven: Assigning the task of auditing the accounts

Article Seventy-Eight: Appointment of an Auditor

Article Seventy-Nine: The duties of the auditor

## **Part Seven: Stakeholders**

Article Eighty: Regulating the relationship with stakeholders

Article Eighty-One: Reporting violating practices

Article Eighty-Two: Motivating employees

**Part Eight: Professional and Ethical Standards**

Article Eighty-Three: Professional Behavior Policy

Article Eighty-Four: Social responsibility

Article Eighty-Five: Social work initiatives

**Part Nine: Disclosure and Transparency**

Article Eighty-Six: Disclosure policies and procedures

Article Eighty-Seven: Report of the Board of Directors

Article Eighty-Eight: Report of the Audit Committee

Article Eighty-Nine: Disclosure of Board Members

Article Ninety: Disclosure of remuneration

**Part Ten: Implementation of Corporate Governance**

Article Ninety-One: Implementing Effective Governance

Article Ninety-Two: Forming a Corporate Governance Committee

**Part Eleven: Preservation of Documents**

Article Ninety-Three: Keeping documents

**Part Twelve: Final Provisions**

Article Ninety-Four: Final Provisions

Article Ninety-Five: Disclosure and Enforcement

## Part One

### Introductory provisions

#### Article One: An introduction

The corporate governance regulation means the set of rules by which the company is managed, directed and controlled. The corporate governance structure defines the distribution of rights and duties “responsibilities” among the various participants in the company, such as the board of directors, the executive management, the shareholders and the stakeholders. The corporate governance regulation defines the rules and procedures for taking decisions in the various affairs and business of the company and the structure through which goals are set Determining the means and methods of achieving them, as well as monitoring performance.

This regulation aims to optimize the investment of the company's resources by creating a work environment based on responsibility, control and commitment, and its pillar is clarity and transparency, whether in defining the company's objectives and its commercial and strategic plans, or in defining the rights and obligations of each of its entities, or in managing its relationship with suppliers, financiers, consumers, and control points and on activity You are working on. This environment interacts with the system of national legislation within which the company operates and integrates with it to protect the company from any breach or infringement, and to set legal rules that establish principles of fairness, integrity and transparency in the company's dealings.

These regulations have been prepared based on the Companies Law issued by Royal Decree No. (M / 3) on 1/28/1437 H corresponding to 11/10/2015 AD, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020 AD and the Governance Regulations Companies issued by the Board of the Capital Market Authority under Resolution No. (16-8-2017) dated 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) dated 9/15/1440 AH corresponding to 20 / 5/2019 and articles of association of the company approved by the company's general assembly on 9/14/1440 AH, corresponding to 5/19/2019.

The provisions of the financial market system and its implementing regulations, corporate governance regulations, registration and listing rules issued by the Capital Market Authority and the Companies Law issued by the Ministry of Commerce and Industry in the Kingdom of Saudi Arabia shall be applied in any of the matters not mentioned in this system, as well as in the event that any conflict arises. The reference is always to the aforementioned laws and regulations, where the following words and expressions indicate the meanings shown before them, unless the context requires otherwise:

- **The Authority:** The Capital Market Authority.
- **Market:** The Saudi Stock Exchange.
- **Tadawul:** The Saudi Stock Exchange Company (Tadawul).
- **The Company:** Zahrat Al-Waha For Trading Company (a public shareholding company listed on the main market).
- **Board of Directors:** The company's board of directors.

- **Shareholders 'Assembly:** An association formed from the company's shareholders under the provisions of the Companies Law and the Company's Articles of Association.
- **Executive member:** a member of the board of directors who is dedicated to the executive management of the company and participates in its day-to-day business.
- **Non-executive member:** a member of the board of directors who is not dedicated to managing the company and does not participate in its day-to-day business.
- **Independent member:** a non-executive board member who enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in Article Twenty of these regulations apply to him.
- **Executive Management or Senior Executives:** The persons entrusted with managing the day-to-day operations of the company and proposing and implementing strategic decisions, such as the CEO, his deputies and the CFO.
- **Relatives or kinship:**
  - Fathers, mothers, grandfathers, grandmothers and their ancestors.
  - Children, and their children, even if they go down.
  - Brothers and sisters, brothers, or father, or mother.
  - Husbands and wives.
- **Person:** Any natural or legal person to whom the Kingdom's laws have been recognized as such.
- **Related parties**
  - A. Major shareholders of the company.
  - B. Members of the company's board of directors or any of its subsidiaries and their relatives. قارب
  - C. Senior executives in the company or any of its subsidiaries and their relatives.
  - D. Board members and senior executives of the major shareholders of the company.
  - E. Facilities - other than companies - owned by a member of the board of directors, a senior executive, or their relatives.
  - F. And the. Companies in which any of the board members or senior executives or their relatives are partners.
  - G. Companies in which any of the members of the board of directors, senior executives or their relatives is a member of their board of directors or among their senior executives.
  - H. Joint stock companies in which any of the members of the board of directors, senior executives, or their relatives owns (5%) or more, subject to what is stated in Paragraph (D) of this definition.
  - I. Companies in which any of the members of the board of directors or the senior executives or their relatives influence their decisions even if by providing advice or guidance.
  - J. Any person whose advice and directives influence the decisions of the company, its board members, and its senior executives.
  - K. Holding companies or subsidiaries of the company.

Paragraphs (i) and (j) of this definition exclude advice and guidance that is provided professionally by a person licensed to do so.

- **Group:** in relation to a person, it means that person and each of his subordinates.
- **Subordinate:** The person who controls another person, or that other person controls him, or who shares with him in being controlled by a third person. In any of the foregoing, control can be direct or indirect.
- **Stakeholders:** Anyone who has an interest with the company, such as employees, creditors, customers, suppliers, and society.
- **Major shareholders:** Anyone who owns 5% or more of the company's shares or voting rights in it.
- **Cumulative voting:** a voting method for selecting members of the Board of Directors that gives each shareholder a voting power according to the number of shares he owns. So that he has the right to vote for one candidate or divide it among the candidates he chooses without repeating these votes.
- **Controlling share:** the ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively with a relative or subordinate, through: (a) Owning 30% or more of the voting rights in a company. (B) The right to appoint 30% or more of the members of the administrative apparatus.
- **Administration:** the group of individuals who make a person's strategic decisions. The company's board of directors is its administrative body
- **Rewards:** Amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the board of directors for Purpose of performing a day's work: a calendar day, whether it was a work day or not.

#### **Article Two: In Preparation**

- A. These regulations outline the rules and standards governing the management of the company to ensure compliance with the best corporate governance practices that ensure the protection of the rights of shareholders and stakeholders.
- B. The provisions of these regulations are mandatory for the company with the exception of provisions that are referred to as guidance, within the corporate governance regulation issued by the Board of the Capital Market Authority.

#### **Article Three: The objectives of the regulation**

This regulation aims to establish an effective legal framework for corporate governance, and aims in particular at the following:

1. Activating the role of shareholders in the company and facilitating the exercise of their rights.
2. A statement of the competencies and responsibilities of the Board of Directors and the Executive Management.
3. Activating the role of the board of directors and committees and developing their efficiency to enhance the company's decision-making mechanisms.

4. Achieving transparency, integrity and justice in the company, its dealings and the business environment, and enhancing disclosure therein.
5. Providing effective and balanced tools to deal with cases of conflict of interest.
6. Strengthening the control and accountability mechanisms for the company's employees.
7. Setting the general framework for dealing with stakeholders and taking into account their rights.
8. Increasing the efficiency of supervising the company and providing the necessary tools for that.
9. Educating the employees of the company about the concept of professional behavior and urging them to adopt and develop it in a way that suits its nature.
10. Fulfilling the legal requirements issued by the competent authorities.

## **Part Two**

### **Shareholders' rights**

#### **Chapter 1: General rights**

##### **Article Four: Equitable treatment of shareholders**

- a. The Board of Directors shall work to protect the rights of shareholders in a manner that guarantees fairness and equality among them.
- B. The Board of Directors and the executive management of the company are obligated not to distinguish between shareholders who own the same class of shares, and not to withhold any right from them.
- C. The company defines in its internal policies the necessary procedures to ensure that all shareholders exercise their rights.

##### **Article Five: Rights related to shares**

It proves to the shareholder all the rights associated with the share, especially the following

1. Obtaining his share of the net profits to be distributed in cash or by issuing shares.
2. The right to receive his share of the company's assets upon liquidation.
3. Attending public or private shareholders' assemblies, participating in their deliberations, and voting on their decisions in accordance with what is stipulated in articles of association of the company.
4. Disposing of his shares in accordance with the provisions of the Companies Law, the Financial Market Law and their implementing regulations.
5. Inquiring and requesting access to the company's books and documents, and this includes data and information on the company's activity and its operational and investment strategy in a way that does not harm the interests of the company and does not conflict with the companies' system, the financial market system and their implementing regulations.
6. Monitor the company's performance and the work of the Board of Directors.

7. Accountability of the members of the Board of Directors, filing a liability lawsuit against them, and an appeal against the invalidity of the decisions of the public and private shareholders' societies in accordance with the conditions and restrictions contained in the Companies Law and the Company's Articles of Association.
8. Priority to subscribe for new shares issued in exchange for cash shares, unless the extraordinary general assembly stops work on the priority right - if stipulated in the company's articles of association - in accordance with Article Fourteen<sup>0</sup> of the Companies Law.
9. Registration of his shares in the register of shareholders in the company.
10. A request to view a copy of the company's articles of incorporation and articles of association, unless the company discloses them on its website.
11. Nomination and election of members of the Board of Directors.

**Article Six: Shareholder's access to information**

- A. The Board of Directors is obligated to provide complete, clear, correct and not misleading information to enable the shareholder to fully exercise his rights. This information is provided in a timely manner and is updated regularly.
- B. The company provides a means of providing information to the shareholder in clarity and detail, which includes a statement of company information that the shareholder can obtain and is provided to all shareholders of the same category.
- C. The company follows the most effective means of communicating with shareholders and does not discriminate between them in providing information.

**Article Seven: Communication with shareholders**

- A. The Board of Directors ensures the achievement of communication between the company and its shareholders, based on a common understanding of the company's strategic goals and interests.
- B. The chairman and chief executive officer shall inform the rest of the board members of the shareholders' views and discuss them with them.
- C. It is not permissible for any of the shareholders to interfere in the business of the board of directors or the business of the executive management of the company unless he is a member of its board of directors or of its executive management, or his interference is through the general assembly and according to its terms of reference or within the limits and conditions authorized by the board of directors in accordance with the relevant regulations.

**Article Eight: Nomination of Board Members**

- A. The company announces on the website of the market information about candidates for membership of the board of directors, when disclosing or directing the invitation to convene the general assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships, and the company must provide a copy of this information in its Head Office and website.

- B. The cumulative vote must be used in the election of the Board of Directors, so that the right to vote for the share may not be used more than once.
- C. Voting in the general assembly is restricted to candidates for membership of the board of directors whose information the company has announced in accordance with paragraph (A) of this article.

#### **Article Nine: Obtaining Profits**

- A. The company's articles of association indicate the percentage of net profits that is distributed to shareholders after setting aside the statutory reserve and other reserves.
- B. The board of directors must set a clear policy regarding the distribution of dividends in the interests of the shareholders and the company in accordance with the company's articles of association.
- C. The shareholder is entitled to his share in the profits in accordance with the General Assembly resolution issued regarding the distribution of profits to shareholders, or the decision of the Board of Directors to distribute interim profits, and the decision specifies the due date, the date of distribution, the total amount distributed and the share of each share of the nominal value, provided that the decision is implemented in accordance with what is stipulated. Regarding the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
- D. Eligibility for dividends shall be for shareholders registered in the shareholders' records at the end of the day specified for vesting.

### **Chapter Two: Rights Associated with the General Assembly Meeting**

#### **Article Ten: Introduction**

The shareholders' general assemblies are concerned with all matters related to the company and the general assembly, held in accordance with the statutory procedures, represents all shareholders in exercising their functions related to the company and performs its role in accordance with the provisions of the companies' law, its executive regulations and the company's articles of association.

#### **Article eleven: Terms of reference of the extraordinary general assembly**

The extraordinary general assembly shall be concerned with the following:

1. Amendment of the company's articles of association with the exception of the amendments that are considered invalid under the provisions of the Companies Law.
2. Increase the company's capital in accordance with the conditions established in the Companies Law and its implementing regulations.
3. Reducing the company's capital if it exceeds the company's need or if it suffers financial losses according to the conditions established in the Companies Law and its implementing regulations.
4. A report to form a consensual reserve for the company stipulated in its articles of association and to be designated for a specific purpose and to dispose of it.

5. Deciding whether to continue or dissolve the company before the term specified in its articles of association.
6. Approval of the purchase of the company's shares.
7. Issuing preference shares, approving their purchase, converting ordinary shares into preferred shares, or converting preferred shares into ordinary shares, based on a text in the company's articles of association and in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
8. Issuing debt instruments or financing instruments convertible into shares and stating the maximum number of shares that may be issued in exchange for such instruments or sukuk.
9. Allocation of shares issued when increasing the capital or part thereof for employees of the company and subsidiary companies or some of them, or any of that.
10. Stopping the work of the priority right for shareholders to subscribe to an increase in capital in exchange for cash shares or giving priority to non-shareholders in cases it deems appropriate for the interest of the company, if this is stipulated in the company's articles of association.

The extraordinary general assembly may issue decisions within the jurisdiction of the general assembly, provided that those decisions are issued in accordance with the conditions for issuing the decisions of the general assembly determined by an absolute majority of the shares represented in the meeting.

#### **Article Twelve: The functions of the General assembly**

Except for the responsibilities of the Extraordinary general assembly, the General assembly shall be concerned with all the affairs of the company, especially the following:

1. Appointment and dismissal of board members.
2. The license for a member of the board of directors to have a direct or indirect interest in the business and contracts that are made for the company's account, in accordance with the provisions of the Companies Law and its implementing regulations.
3. A license for a member of the board of directors to participate in any business that would compete with the company or to compete with the company in one of the branches of the activity that it engages in, in accordance with the provisions of the Companies Law and its implementing regulations.
4. Monitor members of the Board of Directors' compliance with the provisions of the Companies Law, its implementing regulations, other relevant regulations and the Company's Articles of Association, and examine any damage that results from their violation of these provisions or misuse of managing the company's affairs, determine the liability resulting from that, and take what it deems appropriate in this regard in accordance with the Companies Law And its implementing regulations.
5. Forming an audit committee in accordance with the provisions of the Companies Law and its implementing regulations.
6. Approval of the company's financial statements.
7. Approval of the report of the Board of Directors.
8. Decide on the proposals of the Board of Directors regarding the method of distributing net profits.

9. Appointing the company's auditors, determining their remuneration, reappointing them, changing them, and approving their reports.
10. Considering the irregularities and errors of the company's auditors in the performance of their duties, and any difficulties - notified by the company's auditors - related to enabling the board of directors or the company's management to view the books, records and other documents, data and clarifications necessary to perform their duties, and take the necessary measures. It deems appropriate in this regard.
11. To stop appropriating the company's statutory reserve when it reaches (30%) of the company's paid-up capital and decide to distribute what exceeded this percentage to the company's shareholders in financial years in which the company does not achieve net profits.
12. The use of the company's agreement reserve in the event that it is not allocated for a specific purpose, provided that the use of this reserve is based on a proposal from the Board of Directors and in the aspects that benefit the company or the shareholders.
13. Creating and disposing of other reserves of the company, other than statutory reserve and agreement reserve.
14. Deduction of amounts from the net profits of the company to establish social institutions for the company's employees or to assist what may be existing from these institutions, according to what is stated in Article 129 of the Companies Law.
15. Approval of the sale of more than (50%) of the company's assets, whether in one or several deals within twelve months from the date of the first sale, and if the sale of those assets includes what falls within the jurisdiction of the extraordinary general assembly, then it must be obtained The approval of the extraordinary general assembly on that.

#### **Article Thirteenth: Shareholders' Assembly**

- A. The General assembly of the shareholders shall be held in accordance with the conditions and circumstances stipulated in the Companies Law and its Implementing Regulations and the Company's Articles of Association.
- B. The General assembly meets at least once a year during the six months following the end of the company's fiscal year.
- C. The general or private assemblies of the shareholders shall convene at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law, its implementing regulations and the company's articles of association. The board of directors shall call the general assembly to a meeting if requested by the auditor, the audit committee, or a number of shareholders whose ownership represents at least 5% of the company's capital. The auditor may call the assembly to convene if the board of directors does not invite it within thirty days from the date of the auditor's request.
- D. The date, place, and agenda of the general assembly must be announced at least twenty-one days before the date, and the invitation is published on the market's website and the company's website and in a daily newspaper distributed in the area where the company's head office is at least twenty-one days before the date set for the meeting. That is, it is permissible to simply address the invitation on the aforementioned date to

all shareholders by registered letters. In addition, the company may invite the general and private assemblies of its shareholders to convene by means of modern technology and send a copy of the invitation and agenda to the Financial Market Authority during the specified period for disclosure.

- E. H. The company may amend the agenda of the general assembly during the period between the disclosure of the Disclosure of referred to in paragraph (D) of this article and the date of the general assembly, provided that the company announces that in accordance with the conditions established in paragraph (d) of this article.
- F. And the. Shareholders must have the opportunity to actively participate and vote in the General Assembly meetings, and General Assembly meetings of shareholders may be held, and the shareholder may participate in their deliberations and vote on their decisions by means of modern technology, in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
- G. G. The Board of Directors works to facilitate the participation of the largest number of shareholders in the General Assembly meeting, including choosing the appropriate place and time.
- H. H. The company must verify that the data of the shareholders wishing to appear in the company's head office is recorded before the time specified for the assembly, unless the company's articles of association provide for another method.

#### **Article Fourteen: The agenda of the General Assembly**

- A. When preparing the agenda of the general assembly, the board of directors must consider the topics that the shareholders wish to include. Shareholders who own at least 5% of the company's shares may add one or more subjects to the agenda of the general assembly when preparing it.
- B. The Board of Directors must single out each of the topics on the agenda of the General Assembly in a separate item, and not combine the substantially different topics under one item, and not place the business and contracts in which the members of the Board have a direct or indirect interest in one item. For Purpose of getting shareholders to vote on the item as a whole.
- C. When disclosing the invitation to convene the general assembly, shareholders must be able to obtain information related to the agenda items of the general assembly, especially the report of the board of directors, the auditor, the financial statements, and the audit committee report. This is to enable them to make an informed decision about it. The company must update this information in the event that the agenda of the general assembly is amended.
- D. The Authority may add whatever topics it deems necessary to the agenda of the General Assembly.

#### **Article Fifteen: Management of the Shareholders Association**

- A. The general assembly meetings of the shareholders shall be chaired by the chairman or his deputy in his absence, or whoever is delegated by the board of directors from among its members for this in the absence of the chairman and his deputy.
- B. The Chairman of the Shareholders Association is obligated to provide the opportunity for shareholders to actively participate and vote in the General Assembly meetings, and to avoid putting in place any procedure

that hinders the attendance of the assemblies or the use of the right to vote. They must be informed of the rules governing the work of these meetings and the voting procedures.

- C. Shareholders have the right to discuss issues on the agenda of the General Assembly and to direct questions about them to the members of the Board of Directors and the auditor. These questions must be answered to the extent that the interest of the company is not compromised.
- D. Shareholders must be able to view the minutes of the general assembly meeting, and the company must provide the Authority with a copy thereof within ten days from the date of the meeting.
- E. The company shall announce to the public and notify the Authority and the Market - in accordance with the controls set by the Authority - of the results of the General Assembly upon its termination.
- F. And the. Voting is a basic and original right for a shareholder, and the company should provide the opportunity to vote for all shareholders without discrimination, inform them of all the rules governing its procedures, and information on the right to vote regularly, and avoid setting any procedure that hinders the use of this right, including imposing a financial fee to attend assemblies or vote on Its decisions.
- G. The shareholder may delegate - in writing - another person on his behalf, provided that he is not a member of the board of directors and who is not employees of the company to attend the meeting of the general assembly, provided that the agent is treated in the same manner when discussing and voting as the principal.

### **Part Three**

#### **The Board of Directors**

##### **Chapter 1: Formation of the Board of Directors**

###### **Article Sixteen: Composition of the Board of Directors**

Subject to the provisions of the Companies Law, its implementing regulations, the company's statute, the policy of "nominating the members of the company's board of directors and members of the committees emerging from it, their remuneration and the remuneration of the executive management" approved by the general assembly, the company's board of directors sets a regulation for the work of the board of directors, taking into account the formation of the board and the conditions for appointment and membership. The following should be taken into consideration in the formation of the Board of Directors:

1. The number of its members is proportional to the size of the company and the nature of its activity, without prejudice to what is stated in Paragraph (A) of Article Seventeen of these regulations.
2. The majority of him shall be non-executive members.
3. The number of its independent members should not be less than two or one third of the members of the Board, whichever is greater.

**Article Seven: Appointment of Board Members**

- A. The company's articles of association determine the number of members of the board of directors, provided that it is not less than three and not more than eleven.
- B. The general assembly elects members of the board of directors for the period stipulated in the company's articles of association, provided that it does not exceed three years, unless the company's articles of association provide for a longer term for the first election period for the board of directors. They may be re-elected unless articles of association stipulate otherwise.
- C. It is stipulated that a member of the board of directors shall not hold a membership in the board of directors of more than five joint stock companies listed on the market simultaneously.
- D. The company shall notify the Authority and negotiate the names of the members of the board of directors and their membership characteristics within five working days from the date of the start of the board session or from the date of their appointment - whichever is earlier - and any changes to their membership within five working days from the date of the changes occurring.

**Article Eighteen: Conditions for Board Membership**

It is a requirement that a member of the board of directors be of professional competence who possesses the necessary experience, knowledge, skill and independence, in order to enable him to carry out his duties efficiently and competently, and in particular the following shall be taken into consideration:

1. Leadership ability: That he possesses leadership skills that qualify him to grant authority in a way that leads to stimulating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.
2. Competence: by having the academic qualifications, professional skills, appropriate personal and level of training, and practical experiences related to the current and future activities of the company, administration, economics, accounting, law or governance, as well as the desire to learn and train.
3. The ability to direct: By having technical, leadership, and administrative capabilities, speed in decision-making, comprehension of technical requirements related to workflow, and be able to strategic direction, planning and a clear future vision.
4. Financial knowledge: By being able to read and understand financial statements and reports.
5. Health fitness: that he does not have a health obstacle that hinders him from exercising his duties and specializations.

When electing members of the Board of Directors, the General Assembly must consider the recommendations of the Nomination and Remuneration Committee and the availability of the personal and professional assets necessary to perform their duties effectively in accordance with what is stated in this Article.

**Article Nineteen: Termination of Board Membership**

- A. The company's articles of association specify how the membership of the board of directors will end, and the general assembly may dismiss all or some of the board members at any time, even if the company's articles of association stipulate otherwise, without prejudice to the right of the dismissed person to

compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. Likewise, the General Assembly may - based on a recommendation from the Board of Directors - terminate the membership of those who are absent from attending three consecutive Board meetings without a legitimate excuse.

- B. Upon the termination of a member's membership in the board of directors by one of the methods of termination of membership, the company shall immediately notify the Authority and the market, indicating the reasons for this.
- C. If a member of the board of directors resigns, and he has comments on the company's performance, he must submit a written statement thereof to the chairman of the board of directors and this statement must be presented to the members of the board of directors.

#### **Article Twenty: Symptoms of Independence**

- A. An independent member of the board of directors must be able to exercise his duties, express his opinions and vote on decisions objectively and impartially, in order to help the board of directors to take the right decisions that contribute to achieving the interests of the company.
- B. The board of directors shall conduct an annual evaluation of the extent to which the independence of the member has been achieved, and to ensure that there are no relationships or circumstances that affect or could affect him.
- C. The following is incompatible with the independence required for an independent board member - for example, but not limited to - the following:
  - 1. To be the owner of five percent or more of the company's shares or another company from its group or has a kinship relationship with whoever owns this percentage.
  - 2. To be a representative of a legal person who owns five percent or more of the company's shares or another company from its group.
  - 3. To be related with any of the members of the board of directors in the company or in another company of its group.
  - 4. He is related to any of the senior executives of the company or in another company of its group.
  - 5. To be a member of the board of directors of another company from the group of the company nominated for membership in its board of directors.
  - 6. He or she has worked as an employee during the past two years for the company, any party dealing with it, or another company in its group, such as auditors and major suppliers, or has been the owner of controlling shares with any of those parties during the past two years.
  - 7. To have a direct or indirect interest in the business and contracts that are made for the company's account.
  - 8. That he collect money from the company in addition to the remuneration of the membership of the board of directors or any of its committees exceeding (500,000) riyals or more than 50% of his

remuneration in the previous year that he obtained in return for membership of the board of directors or any of its committees, whichever is less.

9. To participate in a business that would compete with the company or to trade in one of the branches of the activity that the company is practicing.
  10. That he has spent more than nine continuous or separate years in the company's board of directors.
- D. It is not considered an interest precluding the independence of a board member who must obtain a license from the General assembly, the business and contracts that take place with the member of the Board of Directors to meet his personal needs if these works and contracts are carried out in the same conditions and conditions that the company follows with all the contractors and dealers and were within the activity The usual company, unless the Nomination and Remuneration Committee considers otherwise.

## **Chapter Two: The responsibilities and authority of the Board of Directors**

### **Article Twenty-One: Responsibility of the Board of Directors**

The responsibility of the board of directors shall be as stipulated in the relevant laws and regulations:

- A. The board of directors represents all shareholders and it must exercise its duty of care and loyalty in managing the company and everything that would safeguard its interests, develop and maximize its value.
- B. The company's board of directors is responsible for its business even if it delegates to committees, entities, or individuals, to exercise some of its functions. In all cases, the Board of Directors may not issue a general or unlimited term mandate.

### **Article Twenty-Two: The Basic Functions of the Board of Directors**

Subject to the competencies established for the General Assembly in the Companies Law, its implementing regulations and the company's articles of association, the board of directors shall have the broadest authority in managing the company and directing its work to achieve its objectives. Among the tasks and authority of the board of directors are the following:

1. Developing the company's main plans, policies, strategies and objectives, overseeing their implementation and reviewing them periodically, and ensuring the availability of the human and financial resources necessary to achieve them, including:
  - A. Developing, reviewing and directing the overall company strategy, main business plans, and policies and procedures for risk management and corporate governance.
  - B. Determining the optimal capital structure for the company, its strategies and financial objectives and approving all kinds of estimated budgets.
  - C. Overseeing the company's major capital expenditures and owning and disposing of assets.
  - D. Set performance goals and monitor implementation and overall performance in the company.
  - E. Periodic review and approval of the organizational and functional structures in the company.

- F. And the. Verify the availability of the human and financial resources necessary to achieve the company's objectives and main plans.
2. Establishing systems and controls for internal control and general supervision thereof, including:
  - A. Establishing a written policy to address actual and potential conflicts of interest for each of the board members, executive management and shareholders, including misuse of company assets and facilities, and misconduct resulting from dealings with related parties.
  - B. Ensuring the integrity of the financial and accounting systems, including the systems related to the preparation of financial reports.
  - C. Ensure that appropriate control systems are in place to measure and manage risks; By setting a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at the company level, and presenting it transparently with the stakeholders and the parties related to the company.
  - D. Annual review of the effectiveness of internal control procedures in the company.
3. Preparing clear and specific policies, standards and procedures for membership in the Board of Directors - in a manner that does not contradict the mandatory provisions in these regulations - and put them into effect after the approval of the General Assembly.
4. Establishing a written policy that organizes the relationship with stakeholders in accordance with the provisions of this regulation.
5. Establishing policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclosing essential information to shareholders and stakeholders and verifying the executive management's compliance with them.
6. Overseeing the management of the company's finances, cash flows, and its financial and credit relationships with others.
7. To suggest to the extraordinary general assembly what it deems appropriate regarding the following:
  - A. Increase or decrease the company's capital.
  - B. Dissolving the company before the term specified in the company's articles of association or deciding its continuation.
8. Proposing to the General assembly what it deems appropriate regarding the following
  - A. Use of the company's agreement reserve in the event that it is formed by the extraordinary general assembly and not allocated for a specific purpose.
  - B. Create additional financial reserves or allocations for the company.
  - C. The method of distributing the net profits of the company.
9. Preparing the initial and annual financial statements of the company and approving them before disclosure.
10. Preparing the report of the Board of Directors and approving it before disclosure.
11. Ensure the accuracy and integrity of the data and information that must be disclosed, in accordance with the applicable policies and systems of disclosure and transparency.

12. Establishing effective communication channels that allow shareholders to have continuous and periodic access to the various aspects of the company's activities and any substantial developments.
13. Forming specialized committees emanating from it by decisions specifying the committee's term, authority and responsibilities, and how the Board will monitor them, provided that the formation decision includes naming members and specifying their duties, rights and duties, along with evaluating the performance and work of these committees and their members.
14. Determine the types of remunerations that are granted to the employees of the company, such as fixed bonuses, bonuses related to performance, and bonuses in the form of shares, in a manner that does not conflict with the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
15. Establishing values and standards that govern work in the company.

#### **Article Twenty-Three: Distribution of Functions and Tasks**

The organizational structure of the company must include defining the functions and distribution of tasks between the Board of Directors and the Executive Management in line with the best practices of corporate governance, improve the efficiency of company decision-making, and achieve a balance in the authority and authorities between them. To this end, the board of directors must:

1. Adopting and developing internal policies related to the company's work, including defining the tasks, specializations and responsibilities assigned to the various organizational levels.
2. Adopting a written and detailed policy specifying the authority delegated to the executive management and a table showing those authority, the method of implementation and the duration of the delegation, and the board of directors may request the executive management to submit periodic reports on its practices of the delegated authority.
3. Determine the issues that the Board reserves the authority to decide on.

#### **Article Twenty-Four: Separation of Positions**

- A. Subject to the provisions of the company's articles of association, the board of directors shall appoint a president and two vice-presidents from among its members, and it may appoint a managing director.
- B. It is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the company - including the position of Managing Director, Chief Executive Officer or General Manager - even if the Company's Articles of Association stipulate otherwise.
- C. The board of directors shall define the competencies of the chairman, his deputy, and the managing director, if any, and their responsibilities in a clear and written form if the company's articles of association are devoid of that.
- D. In all cases, it is not permissible for a person to have the ultimate authority to make decisions in the company.

**Article Twenty-Five: Overseeing the Executive Management**

The Board of Directors shall form the executive management of the company, regulate how it operates, control and supervise it, and verify its performance of the tasks assigned to it, and for this purpose it shall:

1. Establishing the necessary administrative and financial policies.
2. Verify that the executive management works in accordance with the policies approved by it.
3. Selecting and appointing the CEO of the company and supervising his work.
4. Appointing and dismissing the director of the internal audit department and determining his remuneration, if any.
5. Holding periodic meetings with the executive management to discuss the course of work and the obstacles and problems it faces, and to review and discuss important information regarding the company's activity.
6. Setting performance standards for executive management that are consistent with the company's objectives and strategy.
7. Review and evaluate the performance of the executive management.
8. Establish succession plans for company management.

**Article Twenty-Six: The functions and tasks of the executive management**

Subject to the competencies established for the Board of Directors under the provisions of the Companies Law and its implementing regulations, the executive management shall have the authority to implement the plans, policies, strategies and main objectives of the company in order to achieve its objectives. Among the functions and tasks of the executive management are the following:

1. Implementing the company's internal policies and regulations approved by the Board of Directors.
2. Proposing the company's comprehensive strategy, major and interim work plans, investment policies and mechanisms, financing, risk management, and emergency management conditions management plans and their implementation.
3. Proposing the optimal capital structure for the company and its financial strategies and objectives.
4. Proposing the main capital expenditures for the company and owning and disposing of assets.
5. Proposing the organizational and functional structures of the company and submitting it to the Board of Directors for approval.
6. Implementation of internal control systems and controls and general supervision, including:
  - A. Implementing a conflict of interest policy.
  - B. Proper application of financial and accounting systems, including systems related to preparing financial reports.
  - C. Implement appropriate control systems to measure and manage risks; By developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with the Board of Directors and other stakeholders.

7. Effective implementation of the company's corporate governance rules - in a manner that does not conflict with the provisions of these regulations and proposing to amend them when needed.
8. Implementing the policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclose essential information to shareholders and stakeholders.
9. Providing the Board of Directors with the necessary information to exercise its authority and making recommendations regarding the following:
  - A. Increase or decrease the company's capital.
  - B. Dissolution of the company before the term specified in its articles of association or deciding its continuation.
  - C. Use of the company's contractual reserve.
  - D. Create additional reserves for the company.
  - E. The method of distributing the net profits of the company.
10. Proposing a policy and the types of bonuses to be granted to workers, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares.
11. Prepare periodic financial and non-financial reports regarding the progress made in the company's activity in light of the company's strategic plans and objectives and present these reports to the Board of Directors.
12. Managing the daily work of the company and running its activities, as well as managing its resources optimally and in accordance with the company's goals and strategy.
13. Active participation in building and developing a culture of moral values within the company.
14. Implement internal control and risk management systems, verify the effectiveness and adequacy of these systems and ensure compliance with the level of risks approved by the Board of Directors.
15. Propose internal policies related to the company's work and development, including defining the tasks, specializations and responsibilities assigned to the various organizational levels.
16. Proposing a clear policy for delegating business to it and the method for implementing it.
17. Propose the authority that are delegated to it, the decision-making procedures and the duration of the delegation, provided that periodic reports are submitted to Board of Directors on its practices those authority.

### **Chapter Three: Functions of the Chairman and members of the Board of Directors**

#### **Article Twenty-Seven: The functions and tasks of the Chairman of the Board of Directors**

Without prejudice to the terms of reference of the Board of Directors, the Chairman of the Board of Directors shall assume leadership of the Board, supervise the functioning of its work and the effective performance of its functions in addition to what is stipulated in the Company's Articles of Association.

1. Ensure that Board members receive timely, complete, clear, correct and not misleading information.
2. Ensure that the Board of Directors discusses all the basic issues in an efficient and timely manner.
3. Representing the company in front of others in accordance with what is stipulated in the Companies Law, its implementing regulations and the company's articles of association.
4. Encouraging members of the Board of Directors to carry out their duties effectively and interest of company.

5. Ensure that there are effective communication channels with shareholders and communicate their opinions to the Board of Directors.
6. Encouraging constructive relationships and effective participation between the board of directors and the executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
7. Preparing the agenda of the Board of Directors meetings, taking into account any issue raised by a member of the Board of Directors or raised by the auditor, and consulting with members of the Board and the CEO when preparing the agenda of the Board.
8. Holding regular meetings with non-executive board members without the presence of company executive.
9. Informing the General assembly at its convening of the business and contracts in which one of the members of the Board of Directors has a direct or indirect interest in it, provided that this notification includes the information that the member provided to the Board of Directors in accordance with Paragraph (14) of Article Thirty of these Regulations and this shall be accompanied by Reporting a special report from the company's external auditor.

**Article Twenty-Eight: Appointing the CEO, after the end of his services, as Chairman of the Board of Directors**

The CEO may not be appointed as the Chairman of the Board of Directors of the company during the first year of terminating his services.

**Article Twenty-Nine: Principles of honesty, honesty and loyalty**

Each member of the Board of Directors is committed to the principles of honesty, honesty, loyalty, care and concern for the interests of the company and the shareholders and presenting them in his personal interest and in particular the following include:

1. Honesty: that the relationship of the member of the board of directors to the company is a sincere professional relationship, and that he discloses to it any influential information before executing any deal or contract with the company or one of its subsidiaries.
2. Loyalty: This is where a member of the board of directors avoids dealings that involve a conflict of interest while verifying the fairness of the dealings and considering the provisions related to conflict of interest in these regulations.
3. Care and attention: by performing the duties and responsibilities stipulated in the Companies Law, the Financial Market Law and their implementing regulations, the Company's Articles of Association, and other relevant regulations.

**Article Thirty: Duties of the members of the Board of Directors**

Each member of the Board of Directors - through his membership in the Board of Directors - performs the following tasks and duties:

1. Submit proposals to develop the company's strategy.
2. Monitor the performance of the executive management and the extent to which it has achieved the company's goals and objectives.

3. Review reports on the company's performance.
4. Verify the integrity and integrity of the company's financial statements and information.
5. Verify that the company's financial control and risk management systems are strong.
6. Determine the appropriate levels of remuneration for members of the executive management.
7. Express an opinion on appointing and dismissing members of the executive management.
8. Participate in developing a succession and replacement plan for the company's executive positions.
9. Fully adhere to the provisions of the Companies Law, the Financial Market Law, their implementing regulations, the relevant regulations and articles of Association when exercising the duties of his membership in the Board, and refrain from doing or participating in any act that constitutes an abuse of the company's affairs.
10. Attending the meetings of the Board of Directors and the General Assembly and not being absent from them except for a legitimate excuse to be notified to the Chairman of the Board in advance, or for urgent reasons.
11. Allocate sufficient time to carry out his responsibilities, prepare for meetings of the Board of Directors and its committees and participate in them effectively, including asking relevant questions and discussing with the company's senior executives.
12. Studying and analyzing information related to the topics considered by the Board of Directors before expressing an opinion on them.
13. Enabling other members of the board of directors to express their views freely and urging the board to deliberate on issues and survey the opinions of specialists from the executive management members of the company and others if a need arises.
14. Inform the Board of Directors fully and immediately of any interest it has - direct or indirect - in the business and contracts that are made for the company's account, and that reporting includes the nature of that interest, its limits, the names of any persons involved in it, and the benefit expected to be obtained directly or indirectly from That interest, whether that interest is financial or non-financial, and that member must not participate in voting on any decision issued in this regard, in accordance with the provisions of the Companies Law and the Financial Market Law and their implementing regulations.
15. Inform the Board of Directors fully and immediately of its participation - direct or indirect - in any business that is likely to compete with the company or with its competition with the company - directly or indirectly in one of the branches of the activity it carries out, in accordance with the provisions of the Companies Law, the Financial Market Law and their implementing regulations.
16. Not to broadcast or divulge any secrets observed through his membership in the board to any of the company's shareholders - unless this is during the meeting of the general assembly - or to third parties, as required by the provisions of the Companies Law, the Financial Market Law and their implementing regulations.
17. Acting on the basis of complete information, in good faith, with the necessary care and attention, in the interest of the company and all shareholders.
18. Understand his duties, roles and responsibilities arising from membership.

19. Developing his knowledge in the field of the company's activities and business and in the related financial, commercial and industrial fields.
20. Resigning from the membership of the board of directors in the event that he is unable to fully fulfill his duties in the board.

#### **Article Thirty-One: Duties of the Independent Member**

Subject to Article Thirty of these regulations, an independent board member must actively participate in the performance of the following tasks:

1. Expressing independent opinion on strategic issues, company policies, and its performance, and appointing members of the executive management.
2. Verifying that the interests of the company and its shareholders are taken into consideration and presenting them when any conflict of interest arises.
3. Supervising the development of the company's corporate governance rules and monitoring the implementation by the executive management of them.

### **Chapter Four: Board of Directors work procedures**

#### **Article Thirty-Two: Meetings of the Board of Directors**

- A. Subject to the provisions of the Companies Law and its implementing regulations, the Board of Directors shall hold regular meetings to effectively carry out its duties, and also hold its meetings whenever the need arises.
- B. The Board of Directors holds at least four meetings a year, with no less than one meeting every three months.
- C. The Board of Directors shall meet upon the invitation of its Chairman or the request of two of its members, and the invitation to the meeting must be sent to each member of the Board at least five days before the date of the meeting accompanied by the meeting agenda, documents and necessary information, unless the situation calls for an emergency meeting to take place, it is permissible Sending the invitation to the meeting along with the meeting agenda, documents and information required within a period of less than five days before the date of the meeting.
- D. The meeting shall not be valid unless at least half of the members of the board of directors are present, provided that the number of attendees is not less than three members in origin, unless the company's articles of association stipulate a higher percentage or number.

#### **Article Thirty-Three: Remarks of Board Members**

- A. If any of the members of the board of directors has notes about the performance of the company or any of the issues presented and they are not decided in the board meeting, then they must be written down and the actions taken by the board or deemed to be taken by the board in the minutes of the board meeting.
- B. If a member of the board of directors gives an opinion contrary to the decision of the board, it must be proven in detail in the minutes of the board meeting.

**Article Thirty-Four: Organizing attendance at Board of Directors meetings**

- A. The process of attending Board of Directors meetings, and dealing with cases of irregularity of members, must be organized in attending those meetings.
- B. An independent board member must be careful to attend all meetings at which important and fundamental decisions are taken that affect the company's position.

**Article Thirty-Five: Board of Directors' agenda**

- A. The Board of Directors shall approve the agenda as soon as it convenes. In the event that any member objects to this schedule, this must be recorded in the board meeting minutes.
- B. Every member of the Board of Directors has the right to suggest adding any item to the agenda.

**Article Thirty-Six: Exercising the competencies of the Board of Directors**

- A. The board of directors shall exercise its competencies and duties in leading the company within the framework of prudent and effective controls that allow measuring and managing risks and limiting their effects.
- B. Subject to Paragraph (B) of Article Twenty-one of these Regulations, the Board of Directors may - within the limits of its competencies - delegate one or more of its members, committees, or others to carry out specific work or business and the Board of Directors shall have the right to cancel the delegation in part or in full.
- C. The Board of Directors sets an internal policy that outlines the work procedures of the Board of Directors and aims to urge its members to work effectively to abide by their duties towards the company.
- D. The Board of Directors organizes its work and allocates sufficient time to carry out the tasks and responsibilities assigned to it, including preparing for board and committee meetings, and ensuring coordination, recording and keeping meeting minutes.

**Article Thirty-Seven: Secretary of the Board of Directors**

- A. The board of directors appoints a secretary from among its members or others, and the terms of reference and remuneration for the secretary are determined by a decision of the board of directors - unless the company's articles of association include provisions in this regard - provided that these specializations include the following:
  - 1. Documenting board meetings and preparing minutes for them that include discussions and deliberations, stating the meeting place, date and time of its beginning and ending, documenting board decisions and voting results, keeping them in a special and organized record, recording the names of the members present and the reservations they made, if any, and signing the minutes from all. Members present.
  - 2. Keeping the reports submitted to the Board of Directors and the reports prepared by the Board.
  - 3. Providing board members with the board's agenda, working papers, documents and information related to it, and any additional documents or information requested by any of the board members related to the topics covered in the meeting schedule.

4. Verifying that the Board members adhere to the procedures approved by the Board.
  5. Informing the members of the board of directors of the dates of the board meetings in sufficient time before the specified date.
  6. Presenting the draft minutes to the members of the Board of Directors to express their opinions about them before signing them.
  7. Ensure that the members of the Board of Directors obtain complete and prompt access to a copy of the minutes of the Board meetings, and the information and documents related to the company.
  8. Coordination between members of the Board of Directors.
  9. Organizing the register of disclosures for members of the Board of Directors and the Executive Management, in accordance with the provisions of Article Eighty-Nine of the Regulations.
  10. Provide assistance and advice to members of the Board of Directors.
- B. The Secretary of the Board of Directors may not be dismissed except by a decision of the Board of Directors.

#### **Article Thirty-Eight: Conditions for the Secretary**

The Board of Directors shall define the conditions that must be met by the Secretary of the Board of Directors, provided that they include any of the following:

1. He must possess a university degree in law, finance, accounting, administration, or its equivalent, and have relevant practical experience of not less than three years.
2. He must have relevant work experience of no less than five years.

### **Chapter Five: Training, support and evaluation**

#### **Article Thirty-Nine: Training**

The company shall give sufficient attention to training and qualifying members of the Board of Directors and the Executive Management in accordance with the provisions of the Board of Directors' regulations and developing the necessary programs for this, considering the following:

1. Preparing programs for the newly appointed members of the Board of Directors and executive management to introduce the company's activities, especially the following:
  - A. The company's strategy and objectives, as well as the financial and operational aspects of the company's activities.
  - B. Board members' obligations, duties, responsibilities and rights.
  - C. The duties of the company's committees and their specializations.
2. Establishing the necessary mechanisms for the members of the Board of Directors and the executive management to obtain continuous training programs and courses; In order to develop their skills and knowledge in areas related to the company's activities.

**Article Forty: Providing Information for Members**

The executive management of the company shall provide the members of the board of directors, the non-executive members in particular, and the company committees with all necessary information, data, documents and records, provided that they are complete, clear, correct, not misleading and in a timely manner; To enable them to perform their duties and tasks.

**Article Forty-One: Evaluation**

- A. The Board of Directors, based on the proposal of the Nomination and Remuneration Committee, sets the necessary mechanisms to annually evaluate the performance of the Board, its members, committees and executive management. This is done through appropriate performance indicators related to the extent of achieving the company's strategic objectives, the quality of risk management, and the adequacy of internal control systems and others, provided that the strengths and weaknesses are identified and a proposal to address them in accordance with the company's interest.
- B. Performance appraisal procedures must be written and clear and disclosed to board members and concerned persons.
- C. The performance evaluation should include the skills and experiences that the board possesses, identifying weaknesses and strengths in it, while working to address weaknesses in possible ways, such as nominating professional competencies that can develop the performance of the board, and the performance evaluation must also include an evaluation of the work mechanisms in the board in general.
- D. The individual evaluation of the members of the Board of Directors considers the extent of the member's active participation and commitment to fulfilling his duties and responsibilities, including attending the sessions of the Board and its committees and allocating the necessary time for them.
- E. The Board of Directors shall make the necessary arrangements to obtain an evaluation by a competent external body of its performance every three years.

And the Non-executive members of the board of directors conduct a periodic evaluation of the performance of the chairman of the board after taking the views of the executive members - without the chairman of the board attending the discussion designated for this purpose - provided that the strengths and weaknesses are identified and proposed remedies in accordance with the interest of the company.

**Chapter six: Conflict of interest****Article Forty-Two: Dealing with conflict of interest and related parties' deals**

Subject to the provisions of the Companies Law and its implementing regulations, cases of conflict of interest and related party deals or dealings shall be dealt with in accordance with the provisions contained in this chapter.

**Article Forty-Three: Conflict of Interest Policy**

Subject to the provisions of the Companies Law and its implementing regulations, the Board of Directors sets a written policy to deal with cases of conflict of interest and the deals or transactions of the related parties in

accordance with the provisions and controls detailed in the company's policy of conflict of interest to deal with cases of conflict of interest occurring or likely to occur, which may affect the performance of members The board of directors, the executive management, or other employees of the company when they deal with the company or other stakeholders, provided that this policy includes cases of conflict of interest and its avoidance, the duties of the members of the board of directors and what is prohibited for them and the mechanism for the candidate to disclose the conflict of interest. In addition to considering the concept of competition, its fields, its requirements, and cases of refusal to grant a license to it, as well as regulating the acceptance of gifts and dealing with conflicts of interest and the deals of the parties involved.

#### **Article Forty-Four: Avoiding Conflicts of Interest**

- A. A member of the Board of Directors must:
1. Exercising his duties honestly and impartially, putting the interests of the company ahead of his own, and not using his position to achieve private interests.
  2. Avoiding situations of conflict of interest and informing the Board of cases of conflict that may affect its impartiality when considering the topics presented to the Board. The Board of Directors should not include this member in the deliberations, and his vote should not be counted in voting on these issues in Board meetings and shareholders' assemblies.
  3. Maintaining the confidentiality of information related to the company and its activities and not disclosing it to anyone.
- B. A member of the Board of Directors is prohibited from:
1. Voting on the decision of the board of directors or the general assembly in the business and contracts that are made for the account of the company if it has a direct or indirect interest in it.
  2. Exploiting or benefiting - directly or indirectly - from any of the company's assets, information, or investment opportunities offered to him in his capacity as a member of the Board of Directors, or offered to the company and this includes investment opportunities that fall within the company's activities, or that the company wants Take advantage of them, and the ban applies to a board member who resigns in order to exploit investment opportunities - directly or indirectly - that the company wishes to benefit from and which he became aware of during his membership in the board of directors.

#### **Article Forty-Five: Candidate Disclosure of Conflict of Interest**

Whoever wishes to run for membership in the Board of Directors must disclose to the Board and the General Assembly any cases of conflict of interest - in accordance with the procedures prescribed by the Commission -, and include:

1. The existence of a direct or indirect interest in the business and contracts that are made for the account of the company whose board of directors he wishes to run for.
2. His participation in a business that would compete with the company or compete with it in one of the branches of the activity that it is practicing.

**Article Forty-Six: Company Competition Controls**

Subject to the provisions of Article Seventy-Two of the Companies Law and the relevant provisions in these regulations, if a member of the Board of Directors wishes to participate in a business that would compete with the company or compete with it in one of the branches of the activity that it engages in, follows must be observed:

1. Inform the board of directors of the competing business that it wishes to practice and record this notification in the minutes of the board meeting.
2. The concerned member does not participate in the vote on the decision issued in this regard by the board of directors and the associations.
3. The Chairman of the Board of Directors informs the General assembly at its convening of the competing business practiced by the member of the Board, after the Board of Directors verifies that the Board member is competing with the Company's business or competing in one of the branches of his activity in accordance with the criteria issued by the Company's General Assembly - based on the Board's proposal They shall be published on the company's website, provided that these works are verified annually.
4. Obtaining a license from the company's general assembly allowing the member to practice competitive business.

**Article Forty-Seven: The Concept of Competition Business**

Included in the concept of participating in any business that would compete with or compete with the company in one of the branches of the activity that it engages in includes the following:

1. The establishment of a member of the Board of Directors for a company or sole proprietorship or whose ownership is an influential percentage of shares or stakes in a company or other establishment that carries out an activity of the type of activity of the company or its group.
2. Accepting membership in the board of directors of a company or facility competing with the company or its group or taking over the management of a competing sole proprietorship or a competing company of whatever form, except for the company's affiliates.
3. The member obtains a commercial agency or the like, whether apparent or hidden, for a company or other establishment competing with the company or its group.

**Article Forty-Eight: Refusal to grant a license**

If the general assembly refuses to grant the license according to Article Seventy-Two of the Companies Law and Article forty-sixth of these regulations, then a member of the Board of Directors must submit his resignation within a period determined by the General Assembly, otherwise his membership in the Board is expired, unless he decides to refrain from competing with the company or adjust his position According to the Companies Law and its implementing regulations, before the deadline set by the General Assembly.

**Article Forty-Nine: Acceptance of Gifts**

It is not permissible for any of the directors and senior executives to accept gifts from any person who has dealings. Business with the company, if those gifts lead to a conflict of interest.

**Part Four**  
**Company committees**

**Chapter One: General Provisions**

**Article Fifty: Formation of Committees**

Subject to Article One hundred of the Companies Law and Article Fifty-Four of these regulations, the Board of Directors shall form specialized committees according to the following:

- 1- The company's need, circumstances and conditions to enable it to perform its duties effectively.
- 2- The formation of committees shall be in accordance with general procedures established by the board, which include defining the mission of each committee, the duration of its work, the authority vested in it during this period, and how the board of directors supervises it. The committee must inform the board of directors of the results it reaches or makes in the decisions in a transparent manner. The board of directors should regularly monitor these committees' work to verify that they are carrying out the business assigned to them.
- 3- Each committee shall be responsible for its work before the Board of Directors and this does not prejudice the responsibility of the Board for those actions and for the authority or authority that it has delegated to it.
- 4- The number of committee members should not be less than three and not more than five.
- 5- Committee chairs or whoever they delegate from among their members must attend the general assemblies to answer shareholders' questions.
- 6- The company shall notify the Authority of the names of the members of the committees and their membership characteristics within five working days from the date of their appointment, and any changes that occur to that within five working days from the date of the occurrence of the changes.
- 7- The company may merge the nomination and remuneration committees into one committee called the Nomination and Remuneration Committee. In this case, the Nomination and Remuneration Committee must fulfill its requirements and exercise all the functions mentioned in these regulations, provided that the committee meets periodically at least every six months.

**Article Fifty-One: Membership of committees**

- A. The company is obligated to appoint a sufficient number of non-executive board members in the committees concerned with the tasks that may give rise to conflict of interest situations, such as ensuring the integrity of financial and non-financial reports, reviewing the deals of related parties, nominating for membership of the Board of Directors, appointing senior executives, and determining remuneration. The chairmen and members of these committees are committed to the principles of honesty, honesty, loyalty, care, and concern for the interests of the company and the shareholders and present them in their personal interest.
- B. When forming the Nominations and Remuneration Committee, the company takes into account that its members are independent members of the Board of Directors and it is permissible to seek the assistance of non-executive members or persons who are not members of the Board, whether they are shareholders or others, provided that the chairs of the two committees referred to in this paragraph are independent members.

- C. The chairman of the board of directors may not be a member of the audit committee, and he may participate in the membership of other committees, provided that he does not occupy the position of chairman in the committees stipulated in these regulations.

**Article Fifty-Two: Study of the topics**

- A. The committees undertake the study of matters pertaining to them or referred to them by the board of directors and submit their recommendations to the board to take a decision of them or take decisions if the board delegates them to do, provided that para. (B) of Article 21 of these regulations is taken into account.
- B. The committees may seek the assistance of experts and specialists from within or outside the company within the limits of its authority, provided that this is included in the minutes of the committee's meeting, noting the name of the expert and his relationship to the company or executive management.

**Article Fifty-Three: Committee meetings**

- A. No member of the board of directors or the executive management except (the secretary of the committee and members of the committees) is entitled to attend its meetings unless the committee requests to hear his opinion or obtain his advice.
- B. For the committees' meetings to be valid, the attendance of the majority of their members is required, and their decisions are issued by the majority of the votes of those present, and when the votes are equal, the side that the meeting chair voted with shall prevail.
- C. The committee's meetings must be documented and minutes prepared that include the discussions and deliberations that took place, documenting the recommendations of the committees and the results of the vote, keeping them in a special and organized record, indicating the names of the members present and the reservations they made - if any -, and signing these minutes by all of the members present.

**Chapter Two: Audit committee**

**Article Fifty-Four: Formation of the Audit Committee**

- A. A audit committee shall be formed by a decision of the company's general assembly, from the shareholders or from others, provided that at least one of them is an independent member and does not include any of the members of the executive board of directors and the number of members of the committee must not be less than three and not more than five, and that among them is a specialist. Financial and accounting affairs.
- B. The Chairman of the Audit Committee must be an independent member.
- C. The company's general assembly issues - based on a proposal from the board of directors - the regulation of the audit committee, provided that this regulation includes the controls and procedures for the committee's work, its tasks, rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and the mechanism for temporarily appointing its members in case one of the seats becomes vacant The Commission.
- D. It is not permissible for anyone who works or has worked during the past two years in the executive or financial management of the company or with the company's auditor, to be a member of the audit committee.

### **Article Fifty-Five: The Committee's Competences, Authority and Responsibilities**

The Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of the reports, financial statements and internal control systems therein. The committee's duties include, in particular, the following:

- A. financial reports
  - 1. Study the initial and annual financial statements of the company before submitting them to the Board of Directors and expressing its opinion and recommendation regarding them; To ensure its fairness, fairness and transparency.
  - 2. Providing a technical opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the financial statements of the company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
  - 3. Study any important or unusual issues included in the financial reports.
  - 4. Carefully researching any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.
  - 5. Verifying the accounting estimates in the fundamental issues mentioned in the financial reports.
  - 6. Study the accounting policies applied in the company and express opinion and recommendation to the Board of Directors in this regard.
- B. Internal audit
  - 1. Study and review the company's internal, financial and risk management systems.
  - 2. Study the internal audit reports and follow up the implementation of corrective measures for the observations contained therein.
  - 3. Recommending to the Board of Directors to appoint the Director of the Internal Audit Department and suggesting his remuneration.
  - 4. Control and supervise the performance and activities of the internal auditor and the internal audit department in the company, if any -; To verify the availability of the necessary resources and their effectiveness in performing the business and the tasks assigned to it. If the company does not have an internal auditor, the committee must submit its recommendation to the board regarding the extent of the need to appoint him.
- C. Auditor
  - 1. Recommending to the Board of Directors to nominate and dismiss the auditors, determine their fees, evaluate their performance after verifying their independence and review the scope of their work and the terms of contracting with them.
  - 2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, considering the relevant rules and standards.
  - 3. Reviewing the company's auditor's plan and business and verifying that he has not submitted technical or administrative works that are outside the scope of the audit work and expressing its views on that.

4. Answer the inquiries of the company's auditor.
  5. Study the auditor's report and his notes on the financial statements and follow up on what has been taken in their regard.
- D. Ensure commitment
1. Review the results of the reports of the supervisory authorities and verify that the company has taken the necessary actions regarding them.
  2. Verify the company's compliance with the relevant laws, regulations, policies and instructions.
  3. Review the contracts and transactions proposed to be conducted by the company with related parties and submit its opinions on this to the Board of Directors.
  4. Raise the issues it deems necessary to take action in their regard to the Board of Directors and make recommendations on the measures to be taken.

#### **Article Fifty-Six: Conflict between the Audit Committee and the Board of Directors**

If there is a conflict between the recommendations of the audit committee and the decisions of the board of directors, or if the board refuses to take the committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance or appointing the internal auditor, the board's report must include the committee's recommendation and justifications, and the reasons for not taking it into account.

#### **Article Fifty-Seven: Meetings of the Audit Committee**

- A. The audit committee meets periodically, provided that its meetings are not less than four meetings during the company's financial year.
- B. The audit committee meets periodically with the company's auditor, and with the company's internal auditor.
- C. The internal auditor and auditor may request a meeting with the audit committee whenever the need arises.

#### **Article Fifty-Eight: Comments submission arrangements**

The audit committee should set up a mechanism that allows the employees of the company to submit their comments regarding any breach of financial reports or other confidentiality (Fraud and Corruption Whistle blowing policy). The committee must verify the application of this mechanism by conducting an independent investigation commensurate with magnitude of error or omission and adopting appropriate follow-up procedures.

#### **Article Fifty-Nine: Authority of the Audit Committee**

The Audit Committee, in order to perform its duties:

1. The right to view the company's records and documents.
2. To request any clarification or statement from members of the Board of Directors or executive management.
3. To ask the board of directors to call the general assembly of the company to convene if the board of directors impedes its work or if the company is exposed to severe damage or losses.

### **Chapter Three: Nomination and Remuneration Committee**

#### **Article Sixty: Formation of the Nomination and Remuneration Committee**

- A. A committee called the (Nominations and Remuneration Committee) was formed by a decision of the Company's Board of Directors from not members of the Executive Board of Directors, provided that at least one of them is an independent member.
- B. The general assembly of the company issues - based on a proposal from the Board of Directors - the regulations of the Nomination and Remuneration Committee, and the regulation includes the controls and procedures for the committee's work, its tasks, the rules for selecting its members, their membership period, and their remuneration.

#### **Article Sixty-One: Terms of reference of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is responsible for the following:

1. To propose clear policies and standards for membership in the Board of Directors and executive management.
2. Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with approved policies and standards, considering not to nominate any person prior convicted of a breach of trust.
3. Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and for executive management positions.
4. Determine the time that the member should allocate to the work of the Board of Directors.
5. Annual review of the necessary skills or experience needs for board membership and executive management functions.
6. Reviewing the structure of the Board of Directors and the executive management and making recommendations regarding the changes that can be made.
7. Checking on an annual basis the independence of independent members, and the absence of any conflict of interest if the member occupies the board of directors of another company.
8. Establish job descriptions for executive members, non-executive members, independent members and senior executives.
9. Establishing special procedures in case the position of a member of the board of directors or a senior executive becomes vacant.
10. Determine the strengths and weaknesses of the Board of Directors and propose solutions to address them in line with the company's interest.
11. Ensure, on an annual basis, that the independent members are independent, and that there is no conflict of interest if the member is a member of the board of directors of another company.
12. Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, its disclosure, and verification of its implementation.

13. Clarify the relationship between the granted rewards and the applicable remuneration policy and indicate any material deviation from this policy.
14. Periodic review of the remuneration policy and evaluation of its effectiveness in achieving the objectives sought from it.
15. Recommending to the Board of Directors the remuneration of members of the Board of Directors, the committees emanating from it, and the company's senior executives, in accordance with the approved policy.

#### **Article Sixty-Two: Remuneration Policy**

Without prejudice to the provisions of the Companies Law, the Capital Market Law and their implementing regulations, the following must be considered in the remuneration policy:

1. Its consistency with the company's strategy and goals.
2. Remuneration is provided for Purpose of urging members of the board of directors and executive management to succeed and develop the company in the long run, such as linking the variable part of rewards to performance in the long term.
3. Remuneration should be determined on the basis of the level of the position, the duties and responsibilities of the occupant, the academic qualifications, practical experiences, skills, and level of performance.
4. Its harmony with the size, nature and degree of risks of the company.
5. Taking into account the practices of other companies in determining remuneration, while avoiding the unjustified increase in rewards and compensation that may result from that.
6. To aim at attracting, maintaining and motivating professional competencies, without exaggerating them.
7. To prepare for new hires.
8. Cases of suspending the payment of a bonus or refunding it if it appears that it was decided based on inaccurate information provided by a member of the board of directors or the executive management; This is to prevent the employment situation being exploited for undue rewards.
9. Organizing the award of shares in the company to members of the Board of Directors and the Executive Management, whether it is a new issue or shares purchased by the company.

#### **Article Sixty-Three: Nomination procedures**

- A. The Nominations and Remuneration Committee shall, when nominating members of the Board of Directors, consider the terms and conditions stipulated in these regulations and requirements decided by the Authority.
- B. The number of candidates for the Board of Directors whose names are presented to the General Assembly must exceed the number of available seats so that the General Assembly has the opportunity to choose from among the candidates.

#### **Article Sixty-Four: Nomination Disclosure**

The company must publish the candidacy Disclosure of on the company's website and the market website, and in any other means specified by the Authority. This is to invite persons wishing to run for membership of the Board of Directors, provided that the door for candidacy remains open for at least one month from the date of the Disclosure.

**Article Sixty-Five: The Shareholder's Right to Candidacy**

The provisions of this chapter are without prejudice to the right of every shareholder in the company to nominate himself or someone else for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.

**Article Sixty-Six: Meetings of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee meets periodically every (six months) at least, and whenever the need arises.

**Chapter Four: Risk Management Committee****Article Sixty-Seven: Formation of the Risk Management Committee**

By a decision of the company's board of directors, a committee called (the Risk Management Committee) has been formed. Its chairman and the majority of its members are non-executive board members. Its members are required to have an adequate level of knowledge of risk management and financial affairs.

**Article Sixty-eighth: Terms of reference of the Risk Management Committee**

The Risk Management Committee shall be responsible for the following:

1. Developing a comprehensive risk management strategy and policies commensurate with the nature and size of the company's activities, and verifying, reviewing and updating their implementation based on the internal and external variables of the company.
2. Determine and maintain an acceptable level of risks to which the company may be exposed and verify that the company does not exceed it.
3. Verifying the feasibility of the continuation of the company and the successful continuation of its activity, with identifying the risks that threaten its continuation during the next twelve months.
4. Supervising the company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the company may be exposed to; This is to determine its shortcomings.
5. Re-evaluate the company's ability to withstand risks and its exposure to them periodically (by conducting) stress tests, for example.
6. Preparing detailed reports on exposure to risks and the proposed steps for managing these risks and submitting them to the Board of Directors.
7. Submit recommendations to the Board on issues related to risk management.
8. Ensure the availability of adequate resources and systems for risk management.
9. Review the organizational structure of risk management and make recommendations regarding it prior to its approval by the Board of Directors.
10. Verify the independence of the risk management personnel from the activities that may result in exposing the company to risks.

11. Verify that the risk management staff understands the risks surrounding the company and works to increase awareness of the risk culture.
12. Reviewing the issues raised by the audit committee that may affect the risk management in the company.

#### **Article Sixty-Nine: Meetings of the Risk Management Committee**

The Risk Management Committee meets periodically every (six months) at least, and whenever the need arises.

### **Chapter five Internal Control**

#### **Article Seventy: The Internal Control System**

The Board of Directors must adopt an internal control system for the company to evaluate the policies and procedures related to risk management, implement the provisions of the company's corporate governance rules that are approved by the company and adhere to the relevant laws and regulations. This system must ensure that clear standards of responsibility are followed at all executive levels in the company and that the transactions of relevant parties are followed. The relationship takes place according to its provisions and controls.

#### **Article Seventy-One: Establishing independent departments for the company**

- A. The company establishes - in order to implement the approved internal control system - departments for risk assessment and management, and internal audit.
- B. The company may seek the assistance of external parties to carry out the tasks and functions of the risk assessment and management departments, and the internal audit, without prejudice to the responsibility of the company for those tasks and functions.

#### **Article Seventy-Two: The tasks of the internal audit department**

The Internal Audit Department evaluates the internal control system, supervises the implementation of, and verifies the compliance of the company and its employees with the applicable laws, regulations and instructions, and the company's policies and procedures.

#### **Article Seventy-Three: The formation of the internal audit department**

The internal audit department consists of at least an internal auditor who is recommended to be appointed by the Audit Committee and is accountable to it. The following shall be taken into consideration in the formation and functioning of the internal audit department:

1. That its employees have competence, independence and appropriate training, and that they should not be assigned to any other work except for internal audit and the internal control system.
2. For the management to submit its reports to the Audit Committee, be related to it and be accountable to it.
3. That the remuneration of the audit department manager be determined based on the audit committee's proposal in accordance with the company's policies.
4. To be able to access and obtain information, documents and documents without restriction.

**Article Seventy-Four: The internal audit plan**

The Internal Audit Department works according to a comprehensive audit plan approved by the Audit Committee, and this plan is updated annually. Key activities and processes, including those for risk management and compliance management, must be reviewed at least annually.

**Article Seventy-Five: The internal audit report**

- A. The Internal Audit Department prepares a written report on its activities and submits it to the Board of Directors and the Audit Committee at least quarterly. This report must include an evaluation of the internal control system in the company and the results and recommendations reached by the management, and a statement of the measures taken by each department regarding the treatment of the results and recommendations of the previous review and any remarks regarding them, especially if there is no timely treatment and the reasons for that.
- B. The Internal Audit Department shall prepare a written general report and submit it to the Board of Directors and the Audit Committee regarding the audits that were conducted during the fiscal year and compare them with the approved plan and indicate the reasons for any breach or deviation from the plan - if any - during the quarter following the end of the concerned fiscal year.
- C. The Board of Directors determines the scope of the internal audit department's report based on the recommendation of the Audit Committee and the Internal Audit Department, provided that the report includes in particular the following:
  1. Control and supervision procedures for financial affairs, investments and risk management.
  2. Evaluate the evolution of risk factors in the company and the existing systems; To meet the radical or unexpected changes in the financial market.
  3. Evaluating the performance of the Board of Directors and senior management in implementing the internal control system, including (determining the number of times the board was informed of control issues) as well as managing risks and the manner in which it handled these issues.
  4. Failures to implement internal control, weaknesses in their application, or emergency situations that affected or may affect the company's financial performance, and the procedure that the company followed in dealing with this failure, especially the problems disclosed in the company's annual reports and financial statements.
  5. The extent of the company's compliance with the internal control systems when identifying and managing risks.
  6. Information describing the company's risk management processes.

**Article Seventy-Six: Preservation of the internal audit reports**

The company must keep the audit reports and work documents clearly including what has been accomplished, its findings and recommendations, and what has been taken in its regard.

## **Part Six**

### **The Company's auditor**

#### **Article Seventy-Seven: Assigning the task of auditing the accounts**

The company assigns the task of auditing its annual accounts to an independent, competent, experienced and qualified auditor. To prepare an objective and independent report for the Board of Directors and shareholders, stating whether the financial statements of the company clearly and fairly express the financial position of the company and its performance in essential aspects.

#### **Article Seventy-Eight: Appointment of an Auditor**

The General assembly appoints the company's auditor based on the recommendation of the Board of Directors from among the candidates, considering the following:

1. His nomination is based on the recommendation of the Audit Committee.
2. He must be licensed and fulfill the conditions prescribed by the competent authority.
3. His interests do not conflict with the interests of the company.
4. The number of candidates should not be less than two auditors.

#### **Article Seventy-Nine: The duties of the auditor**

The auditor should:

1. Exercising my duty of care and honesty for the company.
2. Inform the Authority in the event that the Board of Directors does not take the appropriate action regarding suspicious issues raised by it.
3. To request the Board of Directors to call the General assembly if the Board does not facilitate its work and it is responsible for compensating the damage suffered by the company, shareholders or others because of the errors that occur from it in the performance of work.

## **Part Seven**

### **Stakeholders**

#### **Article Eighty: Regulating the relationship with stakeholders**

The Board of Directors shall set clear and written policies and procedures to regulate the relationship with stakeholders in order to protect them and preserve their rights, provided that they include - in particular - the following:

1. How to compensate stakeholders for breaching their rights determined by regulations or protected by contracts.
2. How to settle complaints or disputes that may arise between the company and the stakeholders.
3. How to build good relationships with customers and suppliers and maintain the confidentiality of information about them.

4. The rules of professional conduct for managers and employees of the company so that they comply with sound professional and ethical standards and regulate the relationship between them and stakeholders, provided that the Board of Directors establishes mechanisms to monitor the implementation of these rules and adhere to them.
5. The company's social contribution.
6. Confirmation that the company's dealings with members of the board of directors and related parties are in accordance with the terms and conditions followed with the stakeholders, without any discrimination or preference.
7. Stakeholders obtaining information related to their activities in a manner that enables them to perform their duties, provided that such information is correct, sufficient, timely and regular.
8. Treating company employees in accordance with the principles of justice, equality and non-discrimination.

#### **Article Eighty-One: Reporting violating practices**

The Board of Directors - based on the proposal of the Audit Committee - shall lay down the necessary policies or procedures for stakeholders to follow in submitting their complaints or reporting violating practices, considering the following:

1. Facilitating the notification of stakeholders (including the employees of the company) to the Board of Directors of the actions or practices that may be issued by the executive management that violate the laws, regulations and rules in force or that raise suspicion in the financial statements or internal control systems or others, whether the actions or practices are facing them Or not, and conduct the necessary investigation about it.
2. Maintaining the confidentiality of reporting procedures by facilitating direct contact with an independent member of the audit committee or other specialized committees.
3. Assigning a competent person to receive complaints or reports of stakeholders and deal with them.
4. Allocate a phone or email to receive complaints.
5. Providing the necessary protection for stakeholders.

#### **Article Eighty-Two: Motivating employees**

The company establishes programs to develop and stimulate the participation and performance of the company's employees, provided that they include in particular - the following:

1. Forming committees or holding specialized workshops to listen to the views of the company's employees and discuss with them the issues and topics that are the subject of important decisions.
2. Programs for granting employees shares in the company or a share of the profits it realizes, and retirement programs, and the establishment of an independent fund to spend on these programs.
3. Establishing social institutions for company employees.

## **Part Eight**

### **Professional and ethical standards**

#### **Article Eighty-Three: Professional Behavior Policy**

The Board of Directors sets a policy of professional conduct and ethical values in the company, considering in particular the following:

1. Emphasis on every member of the board of directors, executive management, and company employees to exercise their duty of care and loyalty towards the company and everything that would protect and develop the company's interests, maximize its value, and advance its interests over his personal interest in all cases.
2. Representation of a member of the board of directors of all shareholders in the company, commitment to achieve the interest of the company and the interest of shareholders and taking into account the rights of other stakeholders, not only the interest of the group that elected him.
3. Establishing the principle of commitment by members of the Board of Directors and senior executives to all relevant laws, regulations and instructions.
4. To prevent a member of the board of directors or a member of the executive management from exploiting his position in order to achieve his own interest or for someone else.
5. Emphasis on limiting the use of the company's assets and resources to achieving the company's goals and objectives and not to exploit those assets or resources to achieve private interests.
6. Establishing accurate, tight and clear rules that regulate the validity and timing of accessing the internal information of the company in a way that prevents members of the Board of Directors, executive management and others from benefiting from it or disclosing it to any person, except within the prescribed limits or legally permissible.

#### **Article Eighty-Four: Social responsibility**

The General assembly - based on a proposal from the Board of Directors - sets a policy to ensure a balance between its objectives and Purposes that society aspires to achieve. With the aim of developing the social and economic conditions of society.

#### **Article Eighty-Five: Social work initiatives**

The Board of Directors sets the programs and sets the necessary means to present the company's initiatives in the field of social work and it includes the following:

1. Establishing measurement indicators that link the company's performance with the initiatives it offers in social work and comparing that with other companies of similar activity.
2. Disclosure of the objectives of social responsibility adopted by the company to its employees, and their awareness and education about them.
3. Disclosure of plans to achieve social responsibility in the periodic reports related to the company's activities.
4. Establishing community awareness programs to define the company's social responsibility.

## **Part Nine**

### **Disclosure and transparency**

#### **Article Eighty-Six: Disclosure policies and procedures**

Without prejudice to the rules for offering securities, continuing obligations and listing rules, the Board of Directors shall set written policies for disclosure, its procedures and supervisory systems in accordance with the requirements of disclosure contained in the Companies Law and the Capital Market Law - as the case may be - and their implementing regulations, taking into account the following:

1. That these policies include appropriate disclosure methods that enable shareholders and stakeholders to access financial and non-financial information related to the company, its performance, share ownership, and to assess the company's status in an integrated manner.
2. Disclosure to shareholders and investors shall be without discrimination, in a clear, correct and not misleading manner, in a timely, regular and accurate manner; This is to enable shareholders and stakeholders to exercise their rights to the fullest.
3. That the company's website includes all the information required to be disclosed, and any data or other information published through other means of disclosure.
4. Preparing reporting systems that include determining the information that must be disclosed, and the method for classifying it in terms of its nature or the periodicity of its disclosure.
5. Review the disclosure policies periodically, and verify that they are consistent with best practices, and with the provisions of the Capital Market Law and its implementing regulations.

#### **Article Eighty-Seven: Report of the Board of Directors**

The report of the board of directors must include a review of its operations during the last financial year, and all the factors affecting the company's business. The report of the board of directors must include the following:

1. Implemented and unimplemented provisions of these regulations and the reasons for that.
2. The names of the members of the Board of Directors, the members of the committees, and the executive management, and their current and previous positions, qualifications and experiences.
3. Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current and previous boards of directors or of its managers.
4. The formation of the Board of Directors and the classification of its members as follows: Executive Board Member - Non-Executive Board Member - Independent Board Member.
5. The actions taken by the Board of Directors to inform its members - especially non-executives - of shareholders' proposals and comments about the company and its performance.
6. A brief description of the committees' specializations and tasks, such as: the Audit Committee, the Nomination and Remuneration Committee, with mentioning the names of the committees, their chairmen and members, the number of their meetings, dates of their meetings, and attendance data for members for each meeting.

7. The means adopted by the Board of Directors in evaluating its performance and the performance of its committees and members and the external body that carried out the evaluation and its relationship with the company, if any.
8. Disclosure of the remuneration of members of the Board of Directors and the Executive Management in accordance with what is stipulated in Article Ninety of these regulations.
9. Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority, with an explanation of the causes of the violation, the signatory to it, means of remediation and avoiding its occurrence in the future.
10. The results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system.
11. The recommendation of the audit committee regarding the need to appoint an internal auditor in the company in the absence of one.
12. Recommendations of the Audit Committee that there is a conflict between it and the decisions of the Board of Directors, or which the Board refused to take into account regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance or appointing the internal auditor, the rationale for those recommendations, and the reasons for not taking them into account.
13. Details of the company's social contributions, if any.
14. A statement of the dates of the shareholders' general assemblies held during the last fiscal year and the names of the members of the board of directors attending these assemblies.
15. A description of the main types of activities of the company and its subsidiaries. In the event that two or more types of activity are described, a statement must be attached to each activity and its impact on the volume of the company's business and its contribution to the results.
16. A description of the company's important plans and decisions (including structural changes to the company, expansion of its business, or suspension of its operations) and future expectations of the company's business.
17. Information related to any risks that the company faces (whether it is operational risks, financing risks, or market risks) and the policy for managing and monitoring these risks.
18. A summary in the form of a table or a graph of the company's assets, liabilities, and results of its business in the last five financial years or since incorporation, whichever is shorter.
19. Geographical analysis of the total revenues of the company and its subsidiaries.
20. A clarification of any material differences in the operating results compared to the results of the previous year or any expectations announced by the company.
21. Clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
22. The name of each subsidiary company, its capital, the percentage of ownership of the company in it, its main activity, the state, the principal place of its operations, and the country of its incorporation.
23. Details of shares and debt instruments issued for each subsidiary.
24. A description of the company's policy for distributing dividends.

25. A description of any interest in the voting-eligible shares category belonging to persons (other than members of the company's board of directors and senior executives and their relatives) who informed the company of those rights under Article Sixty-four of the Rules for the Offer of Securities and Continuing Obligations, and any change in those rights during the last fiscal year.
26. A description of any interest, contractual securities and subscription rights of the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries and any change in that interest or those rights during the last fiscal year.
27. Information related to any loans on the company (whether they are payable on demand or otherwise), a disclosure of the total debt of the company and its subsidiary companies, any amounts paid by the company in repayment of loans during the year, the principal amount of the loan, the name of the donor, its duration, the remaining amount, and in case there is no For loans to the company, it must submit a disclosure.
28. A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by the company for that.
29. A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.
30. A description of any refund, purchase or cancellation by the company of any redeemable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.
31. The number of Board of Directors meetings that were held during the last fiscal year, their dates, and the attendance record of each meeting indicating the names of the attendees.
32. The number of the company's requests for the shareholders' register, the dates and reasons for those requests.
33. A description of any transaction between the company and a related party.
34. Information related to any business or contracts to which the company is a party, and in which or in which there was an interest for a member of the company's board of directors, its senior executives, or any person related to any of them, including the names of those involved in business or contracts, the nature of these business or contracts, and their terms and duration And its amount, and if there are no such works or contracts, the company must submit a disclosure of that.
35. A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration.
36. A statement of any arrangements or agreement under which a shareholder of the company waived any rights to profits.
37. A statement of the value of the regular payments paid and due for payment of any zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, along with a brief description of them and their reasons.
38. A statement of the value of any investments or reserves established for the benefit of the company's employees.

39. Disclosures that:

- A. That the account records were prepared correctly.
- B. That the internal control system was prepared on a sound basis and was effectively implemented.
- C. There is no doubt about the ability of the company to continue its activity.

40. If the auditor's report includes reservations about the annual financial statements, the board of directors' report must clarify those reservations, their reasons, and any information related to them.

41. In the event that the Board of Directors recommends changing the auditor before the end of the period for which he is appointed, the report must contain that, along with the reasons for recommending the change.

#### **Article Eighty-Eight: Report of the Audit Committee**

- A. The report of the audit committee must include details of its performance of its competencies and tasks stipulated in the Companies Law and its implementing regulations, provided that it includes its recommendations and opinion on the adequacy of the company's internal and financial control and risk management systems.
- B. The board of directors must deposit sufficient copies of the audit committee's report in the company's head office, and it must be published on the company's website and the market's website when disclosing the invitation to convene the general assembly. To enable shareholders who wish to obtain a copy of it and to read the summary of the report during the General Assembly.

#### **Article Eighty-Nine: Disclosure of Board Members**

The Board of Directors shall organize the disclosure processes for each of its members and members of the executive management, considering the following:

1. Establishing a special register for the disclosures of members of the Board of Directors and the Executive Management and updating it periodically, in accordance with the disclosures required under the Companies Law and the Financial Market Law and their implementing regulations.
2. Providing access to the registry for the shareholders of the company free of charge.

#### **Article Ninety: Disclosure of remuneration**

- A. The Board of Directors is committed to the following:
  1. Disclosure of the remuneration policy and how the remuneration of board members and executive management in the company is determined.
  2. Accurate, transparent and detailed disclosure in the report of the board of directors about the remunerations granted to members of the board of directors and the executive management, directly or indirectly, without concealing or misleading, whether they are sums, benefits, or benefits, whatever their nature and name. If the benefits are shares in the company, then the input value of the shares is the market value on the maturity date.
  3. Clarify the relationship between the bonuses granted and the applicable remuneration policy and indicate any material deviation from this policy.

4. A statement of the necessary details regarding the rewards and compensations paid to each of the following separately:
    - a. Board of Directors.
    - b. Five senior executives who received the highest remuneration from the company, including the CEO and chief financial officer.
    - c. Committee members.
- B. The disclosure contained in this Article shall be in the report of the Board of Directors and according to the accompanying schedules (Appendix 1).

## **Part Ten**

### **Implementation of corporate governance**

#### **Article Ninety-One: Implementing Effective Governance**

The Board of Directors sets corporate governance rules that do not conflict with the mandatory provisions in these regulations and it must monitor their implementation, verify their effectiveness, and amend them when needed, and in order to do so, it must do the following:

1. Verify the company's compliance with these rules.
2. Reviewing and updating the rules according to legal requirements and best practices.
3. Review and develop the rules of professional conduct that represent the company's values, and other internal policies and procedures to meet the needs of the company and conform to best practices.
4. Keeping members of the Board of Directors informed of developments in the field of corporate governance and best practices or delegating this to the Audit Committee or any other committee or management.

#### **Article Ninety-Two: Forming a Corporate Governance Committee**

In the event that the Board of Directors establishes a committee specialized in corporate governance, then it must delegate to it the competencies established under Article Ninety-one of these regulations and this committee must follow up on any issues related to governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations it arrives at.

## **Part Eleven**

### **Preservation of Documents**

#### **Article Ninety-Three: Keeping documents**

The company must keep all the minutes, documents, reports and other documents required to be kept under these regulations in the company's headquarters for a period of not less than ten years, and this includes the report of the Board of Directors and the report of the Audit Committee. Without prejudice to this period, the company must, in the event of a lawsuit (including any ongoing or threatened case) or a claim or any investigation procedures in place related to those minutes, documents, reports or documents, keep them until the end of that lawsuit or claim or existing investigation procedures.

## **Part Twelve**

### **Final provisions**

#### **Article Ninety-Four: Final Provisions**

1. These regulations are complementary to articles of association of the company, the regulations of the board and its committees emanating from it, and other relevant regulations.
2. This regulation cancels and replaces all procedures, decisions, or internal regulations of the company that contradict it.
3. Anything for which no provision is made in this regulation, to which the relevant laws and regulations issued by the competent authorities shall be applied.
4. The delegation of authority must be within a specific and clear scope of work and be documented and limited to a clear period of time.
5. All authorization decisions issued by the Board of Directors and its committees shall expire at the end of its business cycle unless time periods are specified for them, provided that these decisions shall continue to work until the Board of Directors approves in its new session what it deems appropriate, either by continuation, amendment or cancellation.

#### **Article Ninety-Five: Disclosure and Enforcement**

These regulations are effective from the date of approval of the company's board of directors and the approval of the general assembly of the company. No articles are amended, deleted or added to this list, except upon the approval of the company's board of directors and the approval of the general assembly of the company.

**Appendix (1) Remuneration Schedule**  
**Board Remuneration**

Board Member	Fixed remunerations						Variable remunerations						End-of-service award	Aggregate Amount	Expenses Allowance
	Specific amount	Allowance for attending Board	Total Allowance for attending committee	In-kind benefits	Remunerations for technical managerial	Remunerations of the chairman, Managing Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
First: Independent Directors															
1.															
2.															
Total															
Second: Non-Executive Directors															
1.															
2.															
Total															
Third: Executive Directors															
1.															
2.															
Total															



## Committees Members Remuneration

	<b>Fixed Remuneration (Except for the allowance for attending Board meetings)</b>	<b>Allowance for attending Board meetings</b>	<b>Total</b>
Audit Committee Members			
1.			
2.			
Sub Total			
Nomination and Remuneration Committee Members			
1.			
2.			
Sub Total			
Risks Committee Members			
1.			
2.			
Sub Total			
Governance Committee Members			
1.			
2.			
Sub Total			
..... Committee Members			
1.			
2.			
Sub Total			
Total			