



# DISCLOSURE AND TRANSPARENCY POLICY

This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

شركة علم  
شارع الأغر – النخيل 6614  
الرائدة المدينة الرقمية  
المملكة العربية السعودية  
س.ت. 1010069210  
Tel: +966 (0) 11 288 7444  
Fax: +966 (0) 11 288 7555  
www.elm.sa



This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

### **Article (1): Purpose**

The disclosure and transparency policy aims to verify that the Company ensures accurate and timely disclosure of all material matters, including the Company's financial position, performance and governance, as well as reporting the rules related to the disclosure of information, methods for classifying information and the timing of its disclosure.

### **Article (2): Authority to Disclose on behalf of the Company**

- a. Each of the following has the authority to disclose on behalf of the Company:
  1. The Board.
  2. Chairman of the Board.
  3. Chief Executive Officer (CEO).
- b. The parties mentioned in Paragraph (A) of this Article may authorize third parties to carry out the disclosure process on their behalf, when needed.
- c. With the exception of the parties mentioned in Paragraph (A) of this Article, it is forbidden for any person to disclose any information or answer questions related to the Company's activities without obtaining prior permission to do so from the Board.
- d. The persons responsible for the disclosure process must be fully aware of the activities and operations of the Company, and the CEO of the Company is responsible for ensuring that they comply with this.

### **Article (3): Disclosure of Material Information**

- a. Material information is defined as any information related to the Company's conditions, activities, level of performance, and information that is expected to directly affect events that may lead to a material change in the stock market conditions or the Company's share price. Therefore, all such material information must be published widely, in a timely manner, and in compliance with laws and regulations.
- b. The Company has developed a set of actions to work according to them with regard to all the Company's communications; these actions are:
  1. Preparing and drafting regular announcements and press news in accordance with the requirements of the Capital Market Authority.

This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

2. Presenting the draft announcements and news to the CEO and other Senior Executives and authorized employees. The draft may also sometimes be circulated to the members of the Board for their views on it, if the CEO deems it necessary.
3. Publishing these advertisements on the Stock Exchange website (Tadawul) first, then in daily newspapers and on websites (as the case may be), and by other means of publication to ensure they are spread widely.
4. Requests for non-publishable material information should be rejected.

#### **Article (4): Disclosure of Financial Information**

The Board shall approve the Company's preliminary and annual financial statements, and they must be signed by an authorized member of the Board, the CEO, and the CFO, before publishing and distributing them to the shareholders and others. The Board may authorize the Audit Committee to approve the preliminary financial statements on its behalf. The preliminary and annual financial statements and the report of the Board must be submitted to the Authority, once they are approved by the Board.

#### **Article (5): Disclosure in the Board's Report**

The Board will issue its annual report, within the time limit specified according to the Law, send it to the Capital Market Authority and announce it to the shareholders. The Board's report must include a complete presentation of the Company's operations during the last fiscal year, and all the factors affecting the Company's business. It must include all the requirements set forth in Article (90) of the Corporate Governance Regulations and related provisions contained in the Registration and Listing Rules issued by the Authority, and Clause (4) of Article (76) of the Companies Law.

#### **Article (6): Disclosure in the Report of the Audit Committee**

- a. The Audit Committee's report must include details of its performance of the competencies and tasks stipulated in the Companies Law and the Implementing Regulations thereof. It shall also include the Committee's recommendations and opinion on the adequacy of the Company's internal and financial control systems and risk management.
- b. The Board must maintain sufficient copies of the Audit Committee's report at the Company's head office, and it should be published on the Company's website and the Exchange's website, publishing the invitation to convene the General Assembly for

This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

the shareholders who wish to obtain a copy of it. A summary of the report will be read at the General Assembly meeting.

#### **Article (7): Disclosure through the Website, Media and Social Networking Sites**

The Company shall give special importance to its website and continuously update it being one of the most important windows and means of communication with shareholders, investors and all members of the public. The Company's marketing sector supervises its development and update on an ongoing basis. The information shall be verified and reviewed before it is published on the website by the governance and compliance unit or department (if any) or through the competent department in order to ensure that this information and its contents comply with the statutory disclosure requirements for listed joint-stock companies, and to avoid any violations that may occur as a result of publishing unreliable information according to the Authority's rules and regulations.

The governance and compliance unit or department (if any) or the competent department shall review all disclosures, press news and advertisements - before publishing them - including the periodicals, bulletins, media materials issued by the Company and what is published in newspapers and on social media sites, in order to ensure their compliance with the laws and regulations of listed joint-stock companies, and to save the Company any irregularities that may occur as a result. All Management of the Company and its affiliates must observe what is stated in this Policy so that no violations are committed by the Company in this regard.

#### **Article (8): Governance Disclosures**

The Company discloses its governance policies, procedures and documents by publishing them on the Company's website or by any other means according to the Company's policy (whenever possible), including the following:

1. The Company's bylaws.
2. Governance guide and other related documents.
3. Annual report of the Board.
4. Preliminary financial statements (quarterly) and final annual accounts.
5. Annual report of the Audit Committee.
6. Annual report of the governance and compliance department.
7. Minutes of the General Assemblies of shareholders, and their deliberations.

This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

8. All the announcements posted on Tadawul.
9. Any reports or other documents that, at the discretion of the Company, enhance the disclosure and transparency process in a manner that does not conflict with the laws and regulations.

#### **Article (9): Disclosure Related to Social Responsibility Policies**

The Company shall disclose its contributions and policies in the field of corporate social responsibility (CSR) and procedures for the employees, society and the environment in the annual report of the Board, on the Company's website, and by other means of communication approved by the Board.

#### **Article (10): Disclosure by the Board**

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following:

1. Maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their Implementing Regulations.
2. Making such register available for review by the Company's shareholders free of charge.

#### **Article (11): Disclosure of Remunerations**

The Board shall:

1. Disclose the remuneration policy and the method by which remunerations of the Board and Executive Management are determined.
2. Explain the relationship between the remunerations granted and the applicable remuneration policy, highlighting any significant deviation from such policy.
3. Provide an accurate, transparent and detailed disclosure in the Board's report on the remunerations granted to the Board members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date.
4. A description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:

This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

- a. Board members.
- b. Five Senior Executives who have received the highest remuneration from the Company, provided that the CEO and CFO are among them.
- c. Committee members.

The disclosures in the Board's report, as defined in this Article, shall be pursuant to the appended schedule.

#### **Article (12): Disclosure to Regulatory Authorities**

The Board of Directors shall immediately inform the Authority and announce on the Tadawul website (as the case may require) all the statutory requirements specified in the laws and regulations, such as:

1. Any changes in the structure of the Board of Directors (resignation, appointment or classification).
2. Any changes in the structure of the Company's committees.
3. Any changes in the Executive Management, including the CEO and CFO.
4. The Company is obligated to disclose all information required under the Corporate Governance Regulations issued by the Authority, the Companies Law, and other regulations.

#### **Article (13): Limits of Disclosure**

Board members may not disclose the secrets of the Company outside the meetings of the General Assembly. They may not also exploit any information made available thereto ex officio in order to achieve an interest for themselves, any of their relatives or third parties; otherwise, they shall be dismissed and required to pay compensation.

#### **Article (14): Company Spokesperson**

- a. The Chairman of the Board, CEO, Managing Director (if any), or whoever is authorized, is the Company's official spokesperson in front of all media, the public and the investor community. He may also, from time to time, appoint a person or other persons from within the Company to speak on behalf of the Company, or to respond to certain inquiries whenever necessary.

This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

- b. No person other than the ones mentioned in Paragraph (A) may make any public statements about:
  1. The Company's strategies and plans.
  2. The Company's operations and activities.
  3. Financial performance (current and future), and investment opportunities in general.
  4. Production capacities.
  5. Litigation and lawsuits.
  6. Acquisition and merger decisions, restructuring, decisions to sell and exit from certain investments, and other important strategic initiatives undertaken by the Company.
- c. Board members and all the Company's employees who are not authorized to speak on behalf of the Company must forward all requests received from financial institutions, shareholders and various media to the person authorized to speak on behalf of the Company.

#### **Article (15): Reviewing and Amending this Policy**

This Policy shall be implemented as of the date of its approval by the Board. It shall be reviewed from time to time by the Board as necessary, and it shall not be amended except upon the approval of the Board.