



Elm Governance Regulation

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Chapter 1: Preliminary Provisions

Article (1): Preamble, Purpose and Significance

A. Preamble:

The Company Governance Regulation ("Regulation") refers to the set of rules through which Elm Company ("Company") is managed, directed and controlled in accordance with the Company's policy and strategic direction, in order to ensure sound internal control, and compliance with laws and regulations; provide information to stakeholders with a high degree of transparency and credibility, and strengthen its relations with them; enhance the performance of the Company; and ensure the integrity of the decision-making process. Therefore, the Company's Board of Directors ("Board") has approved these Regulations as a corporate governance charter, which will be subject to amendment whenever the need arises.

B. Objectives of the Regulations:

This Regulation sets out the set of controls, principles, standards and policies adopted by the Company, through which the Company's commercial, financial and administrative operations are managed and monitored in order to achieve its goals and plans. This Regulation also seeks to ensure the Company's compliance with the best governance practices that enable the Board to exercise the responsibilities entrusted thereto towards the Company and its affiliates for achieving best results for shareholders and protecting their rights as well as the rights of stakeholders.

C. Importance of Corporate Governance:

Governance is concerned with the way in which the business and affairs of the Company are managed by the Board and the Executive Management, and its importance lies in achieving the following objectives:

1. Strengthen the mechanisms that help in setting the Company's goals and strategies, and follow up their implementation through clear performance indicators.
2. Set effective mechanisms for managing the affairs of the Company and its affiliates, and activate decision-making mechanisms and control procedures (e.g.

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activate the role of the Board and its sub-committees and determine the authorization level between the Company and its affiliates).

3. Protect the interests and rights of shareholders.
4. The Administrative Team bears responsibility towards shareholders and all stakeholders, and for dealing fairly with them.
5. Enhance compliance with applicable laws, regulations, and policies.
6. Strengthen disclosure and transparency mechanisms.

The Company believes that effective governance rules require an effective board of directors and executive team who believe in and are aware of the importance of this Regulation, with the presence of an effective and clear organizational structure in terms of roles, competencies and responsibilities. These rules also require a sound internal control system through the application of a number of functions, such as (proper planning, and clarity of vision, policies and procedures, external audit work, internal audit, risk management, governance and compliance), in addition to the availability of a supportive culture and work environment responding to this trend.

In this context, effective governance is of great interest in the Company, where there are three lines of defense or control; control department is the first one. Multi-risk control (financial control, quality control, etc.), in addition to the compliance control functions established by the Management, which represent the second line of defense, while the third is independent control (internal audit work). These lines of defense play an important role in achieving effective corporate governance. The Board and Executive Management are the stakeholders and primary beneficiaries of these defenses and control mechanisms. They are the best entities to ensure that these three lines of defense are reflected in the process of activating the Company's risk management, internal control procedures, compliance and conformity.

This Regulation applies to the Company as a joint-stock company listed on the Saudi Stock Exchange, and regulates the relationship between it and the committees of its Board and the Boards of its affiliates (where and when it is appropriate). Each affiliate company must prepare its own governance regulation, whenever necessary, in light of this Regulation and in a manner that does not conflict with it and that is consistent with its legal status and its Articles, and under the supervision of its Board and its committees, and its Executive Management.

Article (2): Definitions

The following words and phrases shall have the meanings assigned thereto, unless the context requires otherwise, provided that the Company's bylaws and the glossary of defined terms used in the Authority's regulations and rules are the primary reference for any word or phrase not defined in this Regulation.

Sr	Term	Definition
1.	The Company	Elm Company
2.	Regulation	The Company's Governance Regulation.
3.	Bylaws	The Company's bylaws approved by Royal Decree No. (M/90), dated 3/11/1428 AH, as amended in accordance with the resolutions of the Extraordinary General Assembly.
4.	Corporate Governance Regulations	The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017), dated 16/5/1438 AH (corresponding to 02/13/2017 AD) and its amendments.
5.	Companies Law	The Companies Law issued by Royal Decree No. (M/3), dated 27/01/1437 AH, and its amendments.
6.	Corporate Governance	Rules to lead and guide the Company that include mechanisms to regulate the various relationships between the Board, Executive Directors, shareholders and stakeholders, by establishing rules and procedures to facilitate the decision-making process and add transparency and credibility to it with the objective of protecting the rights of shareholders and stakeholders and achieving fairness, competitiveness and transparency on the Exchange and in the business environment.
7.	Authority	The Saudi Capital Market Authority.
8.	Shareholders Assembly	The shareholders assembly of the Company which is formed in accordance with the provisions of the Companies Law and

- the Company's bylaws.
9. Substantial Shareholders Any person who owns (5%) or more of the shares of the Company or voting rights therein.
10. Board The Company's Board of Directors.
11. Senior Administrative Team The Board of Directors the senior administrative team in the Company according to the delegation of the Shareholders Assembly, and it is the primary entity responsible for managing the Company before the Assembly. It also represents the main authority for drawing up Company's policies and strategies, developing and monitoring its performance within the framework of the decisions of the Shareholders Assembly, in accordance with legal and regulatory requirements. The Board is responsible to the General Shareholders Assembly for all decisions and actions of the Board. The position of CEO or Managing Director (if any) is considered to be the highest executive position in the Company, and all senior executive departments in the general administration report to him. He shall exercise his powers in accordance with the Company's bylaws and the powers contained in the Company's rules and regulations that are approved by the Board, and under the supervision of the Board and its committees.
12. Executive Director A member of the Board who is a full-time member of the Executive Management team of the Company and participates in its daily activities.
13. Non-Executive Director A member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.
14. Independent Director A non-executive member of the Board who enjoys complete independence in his position and decisions, and none of the

- independence-affecting issues stipulated in Article 20 of the Corporate Governance Regulations issued by the Capital Market Authority apply to him. He must be able to exercise his duties, express his opinions and vote on decisions objectively and impartially, so as to help the Board to take sound decisions that contribute to achieving the interests of the Company.
15. Chief Executive Officer (CEO): Any natural person who manages operations and represents the highest executive rank of the Company's workforce; this position includes the CEO, President of the Company or his equivalent, or Managing Director (if any).
16. Senior Executive: Any natural person who manages and is responsible for developing and executing strategic decisions of the Company, such as the Chief Executive Officer (CEO) and his delegates in the general administration, according to the job grade specified for the senior executives, and the Chief Financial Officer (CFO).
17. Controlling Interest The ability to influence actions or decisions of another person directly, indirectly, individually or collectively, with a relative or an affiliate, through:
- A. Owning 30% or more of the voting rights in a company.
- B. Having the right to appoint 30% or more of the administrative team members.
18. Affiliate A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
19. Affiliate company Any other company controlled by the Company, either directly or indirectly.
20. Relatives: Fathers, mothers, grandfathers and grandmothers (and their

- ancestors).
- Children and grandchildren and their descendants.
 - Siblings, maternal and paternal half-siblings.
 - Husbands and wives.
21. **Subsidiary companies (OpCos):** This term refers to companies that are directly affiliated with and operated by the Company.
22. **Stakeholder** Any person who has an interest in the Company, including employees, creditors, customers, suppliers, public and private sector organizations, and the community.
23. **Remunerations** Amounts, allowances and the like, periodic or annual bonuses linked to performance, long- or short-term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Company to enable the Board member to perform his duties.
24. **Cumulative voting** A method of voting for electing Board members that gives each shareholder a voting capacity equivalent to the number of shares he owns, and by which the shareholder is entitled to either exercise all of his votes towards one nominee or to divide his votes towards several nominees without any duplication of such votes; the Company adopts this method as a mechanism for electing its Board of Directors.
25. **Day** A calendar day, unless otherwise stated in this Regulation.

Chapter 2: Rights of Shareholders

Section One: General Rights

Article (3): Fair Treatment of Shareholders

- A. The Board is obliged to seek shareholders' rights protection to ensure fairness and equality among them.
- B. The Board and the Executive Management of the Company are obliged not to discriminate among shareholders who own the same class of shares nor prevent them from accessing any of their rights.
- C. The Company shall specify in its internal policies the procedures that are necessary to guarantee that all shareholders exercise their rights.

Article (4): Rights Related to Shares

All rights related to shares shall be guaranteed to the shareholder, and particularly the following:

1. to obtain his portion of the net profits which are to be distributed in cash or through the issuance of shares;
2. to obtain his share of the Company's assets upon liquidation;
3. to attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions;
4. to dispose of his shares in accordance with the provisions of the Companies Law, the Capital Market Law and their Implementing Regulations;
5. to inquire and request viewing of the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy, without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their Implementing Regulations;
6. to monitor the performance of the Company and the activities of the Board;
7. to hold Board members accountable, and file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders

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Assemblies, in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company;

8. preemptive rights to subscribe for new shares issued in exchange for cash, unless the Extraordinary General Assembly suspends the preemptive rights, if this is specified in the Company's bylaws, as per Article (140) of the Companies Law;
9. to record his name in the Company's shareholders register;
10. to request to view a copy of the Company's memorandum of association and bylaws, unless the Company publishes them on its website; and
11. to nominate and elect the Board members.

Article (5): Shareholder Access to Information

- A. The Board shall make available to the shareholder complete, clear, accurate and non-misleading information to enable him to properly exercise his rights; such information shall be provided at the proper times and shall be updated regularly.
- B. The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.
- C. The most effective methods should be used in communicating with shareholders who shall not be discriminated in respect of providing information.

Article (6): Communicating with Shareholders

- A. The Board shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company.
- B. The Chairman of the Board and the CEO shall inform the remaining Board members of the opinions of the shareholders and discuss these opinions with them.
- C. No shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless he is a member of its Board or its management team; or unless his intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board.

Article (7): Election of Board Members

- A. Upon calling for the General Assembly or publishing the invitation to its meeting, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board, which shall include the nominees' experience, qualifications, skills, and their previous and current jobs and memberships. The Company shall make available a copy of the mentioned information, in the Company's head office and on its website.
- B. Cumulative voting shall be used in electing the Board, in which it is not allowed to use the voting right of a single share more than once.
- C. Voting in the General Assembly shall be confined to the Board nominees whose information has been announced as per Paragraph (A) of this Article.

Article (8): Distribution of Dividends

- A. The Company's bylaws shall prescribe the percentage of the net profits to be distributed to the shareholders after setting aside the statutory reserve and the other reserves.
- B. The Board shall establish a clear policy for the distribution of dividends to achieve the interests of the shareholders and the Company as per the Company's bylaws.
- C. The shareholder is entitled to receive his share of dividends as per the decision of the General Assembly in respect of the distribution of dividends to shareholders, or as per the Board resolution on distributing interim dividends. The resolution shall specify the record date and the distribution date, provided that the resolution shall be executed as per the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.

Section Two: Rights Related to the Meeting of the General Assembly

Article (9): Preamble

General Shareholders Assemblies of the Company are competent in all of its affairs. A duly- constituted General Assembly represents all shareholders in exercising their powers in respect of the Company. The General Assembly shall exercise its role in accordance with the provisions of the Companies Law and its Implementing Regulations, and the Company's bylaws.

Article (10): Competencies of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the following competencies:

1. amending the Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law;
2. increasing the Company's share capital in accordance with the situations provided for by the Companies Law and its Implementing Regulations;
3. decreasing the Company's share capital if it exceeds the Company's needs, or in the event the Company incurs financial losses, in accordance with the situations provided for by the Companies Law and its Implementing Regulations;
4. resolving to form a consensual reserve for the Company as provided for in its bylaws to be set aside for a specific purpose, and for the disposal thereof;
5. resolving to maintain or liquidate the Company before the end of the term specified in its bylaws;
6. approving the purchase of Company's shares;
7. issuing preferred shares or approving their purchase, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares, as per the Company's bylaws and the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies;
8. issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds;
9. allocating shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them; and
10. suspending preemptive rights of shareholders in subscribing for the capital increase in exchange for cash, or giving priority to non-shareholders in cases as deemed to be in the interest of the Company if such is provided for in the Company's bylaws.

The Extraordinary General Assembly may issue resolutions that fall within the powers of the Ordinary General Assembly, provided that such resolutions are issued in accordance with the issuance requirements of Ordinary General Assembly resolutions, which require that the absolute majority of shares be represented at the meeting.

Article (11): Competencies of the Ordinary General Assembly

Except for the competencies reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in all affairs of the Company, and particularly the following:

1. appointing and dismissing Board members;
2. permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and its Implementing Regulations;
3. permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations;
4. monitoring the compliance of the Board members with the provisions of the Companies Law and its Implementing Regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom, and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and its Implementing Regulations;
5. forming the Audit Committee pursuant to the provisions of the Companies Law and its Implementing Regulations;
6. approving the Company's financial statements;
7. approving the Board's report;
8. deciding on the proposals of the Board with respect to the method of distributing the net profits;
9. appointing the external auditors of the Company, specifying their remunerations, reappointing and replacing them, and approving their reports;
10. looking into the violations and errors committed by the Company's Auditors when performing their duties, and any difficulties reported by them regarding their

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- empowerment by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard;
11. resolving to withhold from setting aside statutory reserve when it reaches an amount equal to (30%) of the Company's paid share capital, and resolving to distribute the surplus of such percentage to the Company's shareholders in financial years where the Company does not generate net profits;
 12. using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that using such reserve shall be based on a proposal submitted by the Board, and in ways that benefit the Company or the shareholders;
 13. forming other reserves besides the statutory reserve and consensual reserve and disposal of the same;
 14. setting aside amounts from the Company's net profits to set up social organizations for the benefit of the Company's employees or to assist any such existing establishments in accordance with Article (129) of the Companies Law; and
 15. approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. If the selling of these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required.


Article (12): Holding Shareholders Assembly

- A. The Ordinary General Shareholders Assembly shall convene in accordance with the situations and circumstances stated in the Companies Law and its Implementing Regulations, and the Company's bylaws.
- B. The Ordinary General Shareholders Assembly shall convene at least once per year within the six months following the end of the Company's financial year.
- C. The General and Special Shareholders Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and its Implementing Regulations, and the Company's bylaws. The Board shall invite the Ordinary General Assembly to convene upon the request of the Auditor, the Audit Committee or a number of shareholders holding shares equal to at least (5%) of the share capital of the Company. The Auditor may invite the Assembly to

convene if the Board does not invite the Assembly within thirty days from the date of the Auditor's request.

- D. The date, place and agenda of the General Assembly shall be announced at least twenty-one days prior to the date thereof; the invitation shall be published on the website of the Exchange, the Company's website and in a daily newspaper distributed in the province where the Company's head office is located. The Company may invite the General and Special Shareholders Assemblies to convene using methods of contemporary technologies.
- E. Shareholders shall be granted the opportunity to effectively participate and vote in the General Assembly meetings, and they must be informed of the rules governing such meetings and voting procedures. Meetings of the General Shareholders Assemblies may be convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies, in accordance with the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- F. The Board shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting.
- G. The Company shall ensure the recording of the details of the shareholders who desire to attend or to delegate others, and inform them of this at the meeting place prior to the time specified for convening the Assembly, or by registering through electronic means as determined by the Company in announcing the invitation to the Assembly.
- H. The Company may amend the agenda of the General Assembly during the period between the publication of the announcement referred to in Paragraph (D) of this Article and the date of holding the General Assembly, provided that the Company announces this in accordance with the conditions prescribed in Paragraph (D) of this Article.

Article (13): Agenda of the General Assembly

- A. When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list;  Shareholders

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holding no less than (5%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation.

- B. The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item. It shall not combine significantly different matters under one item, nor combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.
- C. When the invitation for the convening of the General Assembly is published, the shareholders shall be allowed, through the Company's website and the Exchange's website, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the Auditor, the financial statements and the Audit Committee's report, in order to enable them to make an informed decision in this regard.

The Company shall update this information in case the General Assembly's agenda was amended.

- D. The Authority may add any items it deems appropriate to the agenda of the General Assembly.

Article (14): Management of the Shareholders Assembly

- A. Meetings of the Shareholders General Assemblies shall be chaired by the Chairman of the Board, or his deputy (if the Chairman is absent), or whomever is delegated by the Board of Directors from its members (when the Chairman and his deputy are absent).
- B. The Chairman of the Shareholders Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedure that may prevent their attendance at the Assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and of the voting procedures.
- C. Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the Auditor. These questions should be answered to the extent that does not jeopardize the Company's interest.

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- D. Shareholders shall be granted access to the General Assembly meeting minutes; and the Company shall provide the Authority with a copy of such minutes within (10) days of the date of any such meeting.
- E. The Company shall announce to the public and inform the Authority and the Exchange, as per the rules prescribed by the Authority, of the results of the General Assembly meeting immediately following its conclusion.

Article (15): Voting Rights

- A. Voting is a fundamental right of the shareholder. The Company must provide the opportunity to all shareholders to vote, without discrimination, and regularly provide them with all the rules governing its procedures and the information on the right to vote, and avoid placing any procedure that would impede the use of this right, including imposing a payment for attending Assemblies or voting on their decisions.
- B. The shareholder may delegate, in writing, another person, other than Board members and the Company's employees, to attend the General Assembly meeting, provided that the proxy is treated as a principal during discussion and voting.

Chapter 3: Board of Directors and Executive Management

Article (16): Composition of the Board

The following shall be taken into consideration when composing the Board:

1. The number of its members shall be suitable for the size and nature of the Company's activities without prejudice to Paragraph (A) of Article 19 of this Regulation.
2. The majority of the Board members shall be of Non-Executive Directors.
- 3.

The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.

Article (17): Appointment of Board Members

- A. The Company's bylaws shall specify the number of the Board members, provided that such number shall not be less than three and not more than eleven.
- B. The General Assembly shall elect the Board members for the term stated in the Company's bylaws, provided that such term shall not exceed three years. Board members may be re-elected, unless otherwise is provided for in the Company's bylaws.
- C. A Board member shall not be a member of the boards of directors of more than five listed joint-stock companies at the same time.
- D. The Company shall notify the Authority of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term, or from the date of their appointment, whichever is shorter, as well as of any changes that may affect their membership within five business days from the occurrence of such changes.

Article (18): Termination of a Board Membership

- A. The Company's bylaws shall specify the manner by which membership of the Board is terminated. At all times, the Ordinary General Assembly may dismiss all or any of the Board members, even if the Company's bylaws provide for otherwise, without prejudice to the dismissed member's right for compensation if the dismissal was based on an unacceptable reason or was made at inappropriate time. The General Assembly may also, as per a recommendation of the Board, terminate the membership of the member who missed three consecutive meetings without a legitimate excuse.
- B. Upon terminating the membership of a Board member by any termination method, the Company shall promptly notify the Authority and the Exchange, and specify the reasons for such termination.
- C. If a member of the Board resigns and has comments on the performance of the Company, he shall submit a written statement explaining such comments to the Chairman of the Board, and such statement shall be presented to the Board members.

Article (19): Issues Affecting Independence

- A. An Independent Director shall be able to perform his duties, express his opinions and vote on decisions objectively with no bias, in order to help the Board make correct decisions that contribute to achieving the interests of the Company.
- B. The Board shall annually evaluate the extent of the member's independence, and ensure that there are no relationships or circumstances that affect or may affect his independence.
- C. By way of example, the following is inconsistent with the independence requirement for an Independent Director:
 1. If he holds five percent or more of the shares of the Company or of any other company within its group; or is a relative of someone who owns such percentage.
 2. If he is a representative of a legal person that holds five percent or more of the shares of the Company or of any company within its group.

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3. If he is a relative of any member of the Board of the Company, or of that of any other company within the Company's group.
 4. If he is a relative of any Senior Executive of the Company, or of such in any other company within the Company's group.
 5. If he is a board member of any company within the group of the Company for which he is nominated to be a Board member.
 6. If he is an employee or used to be an employee, during the preceding two years, of the Company, of any party dealing with the Company or any company within its group, such as auditors or main suppliers; or if he, during the preceding two years, held a controlling interest in any such parties.
 7. If he has a direct or indirect interest in the businesses and contracts executed for the Company's account.
 8. If the Board member receives a financial consideration from the Company in addition to the remuneration for his membership of the Board or any of its committees which exceeds an amount of (SAR 200,000), or 50% of his remuneration of the last year for the membership of the Board or any of its committees, whichever is lesser.
 9. If he engages in a business where he competes with the Company, or conducts businesses in any of the Company's activities.
 10. If he served for more than nine years, consecutively or non-consecutively, as a Board member of the Company.
- D. Unless the Nomination and Remuneration Committee considers otherwise, the businesses and contracts conducted by the Board member to meet his personal needs shall not be deemed as an interest that affects the independence of the Board member which require an authorization from the Ordinary General Assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the Company with all contractors and dealers, and that such businesses and contracts are within the normal course of the Company's activities.

Article (20): Responsibility of the Board

- A. The Board represents all shareholders; it shall perform its duties of care and loyalty in managing the Company's affairs, and undertake all actions in the general interest of the Company, develop it and maximize its value.
- B. The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals or other third parties. In any case, the Board may not issue a general or an open-ended delegation.

Article (21): Main Functions and General Duties of the Board

Without prejudice to the competencies of the General Assembly as per the Companies Law and its Implementing Regulations and the Company's bylaws, the Board shall have the broadest powers in managing the Company and guiding its activities to achieve its objectives; the main functions and competencies of the Board include:

1. Laying down the plans, policies, strategies and main objectives of the Company, supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available; this includes:
 - A. Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management, and reviewing and guiding them.
 - B. Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets.
 - C. Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
 - D. Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company.
 - E. Reviewing and approving the organizational and human resources structures of the Company on a periodic basis.
 - F. Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.

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2. Setting rules and procedures for internal control and generally overseeing them, including:
 - A. Developing a written policy to remedy actual and potential conflict of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities, and the mismanagement resulting from transactions with Related Parties.
 - B. Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.
 - C. Ensuring the implementation of appropriate control procedures for risk assessment and management, by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level, and disclosing such risks transparently to stakeholders and parties related to the Company.
 - D. Reviewing the effectiveness of the Company's internal control procedures, on an annual basis.
3. Setting additional corporate governance rules for the Company in a manner that does not conflict with the provisions of the Corporate Governance Regulations issued by the Saudi Capital Market Authority, conducting general supervision of them, and monitoring their effectiveness and amending them if necessary.
4. Reviewing the Company's organizational structure, including the application of the Company's operating model, which defines the relationship between it and its affiliates and the governance mechanisms for their management.
5. Setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of the Corporate Governance Regulations, and implementing them following approval by the General Assembly.
6. Developing a written policy that regulates the relationship with the stakeholders pursuant to the provisions of the Corporate Governance Regulations.
7. Setting policies and procedures to ensure the Company's compliance with the laws and regulations, and its obligation to disclose material information to shareholders

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and stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures.

8. Supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties.
9. Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
 - A. Increasing or decreasing the share capital of the Company; and
 - B. Dissolving the Company before the end of its term as specified in its bylaws, or deciding the continuation of the Company.
10. Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
 - A. Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose;
 - B. Forming additional financial allocations or reserves for the Company; and
 - C. The method of distributing the net profits of the Company.
11. Establishing special procedures for acquainting the new Board members with the Company's workflow and activities, especially the financial and legal aspects, as well as training them for this purpose if necessary.
12. Ensuring that the Company provides adequate information on its affairs to all members of the Board in general and to Non-Executive Board members in particular, so as to enable them to carry out their duties and tasks efficiently.
13. Preparing the Company's interim and annual financial statements, and approving them before publishing.
14. Preparing the Board's report and approving it before publishing.
15. Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable disclosure and transparency policies and systems.

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16. Establishing effective communication channels that allow shareholders to access, on a continuous and periodic basis, various aspects of the Company's activities and any material developments.
17. Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees, as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations, and evaluate the performance and activities of these committees and their members.
18. Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, performance-related remunerations, and remunerations in the form of shares without prejudice to applicable regulatory rules and procedures.
19. Setting the values and standards that govern the work at the Company.

Article (22): Responsibilities of the Board to Shareholders

- A. Invite shareholders to attend the meetings of the Ordinary and Extraordinary General Assembly.
- B. Verify that the annual report and financial reports published and sent to shareholders reflect the true position of the Company's performance. The Board should ensure that the Company's Management provides current and potential shareholders, and the investment community, with all the information related to performance results and most important developments within the Company, and that this information is consistent with the Company's policy of disclosure and transparency.
- C. Establish the principle of transparency and disclosure as a fixed and clear Board policy.
- D. Recommend a dividend distribution policy for the approval of the General Assembly.
- E. Approve the distribution of interim dividends (quarterly, semi-annual) to shareholders, and recommend to the General Assembly for approving the annual profits and distribution rates, in accordance with the provisions of the Company's bylaws.
- F. Recommend an increase or decrease in the Company's capital.

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- G. Approve the recommendations of the Audit Committee on selecting and nominating the Auditor as commonly accepted, determine his fees, and recommend to the General Assembly for accepting the nominated Auditor.
- H. Review, evaluate and approve major transactions, including the allocation of capital, expenditures and capital investments.
- I. Determine an optimal model for allocating the capitals needed by the main sectors and activities of the Company and investments.
- J. Supervise any acquisitions or mergers carried out by the Company, and authorize actions in this regard.

Article (23): Responsibilities of the Board to its Non-Executive Members

Inform the Board members - especially non-executives - of the shareholders' proposals and their observations about the Company and its performance, through the following procedures:

- A. Present shareholders' proposals and observations (if any) to the Board members at the nearest meeting of the Board or by any other effective means of communication that achieves the purpose on an ongoing basis.
- B. Organize ongoing meetings with investors (IR Programs), and informing the Board of their substantive proposals.
- C. Any other procedures or arrangements to be taken by the Board which are deemed appropriate to achieve this purpose and do not conflict with the Companies Law and the Company's bylaws.
- D. Publish these procedures in the annual report of the Board.
- E. The Board members, including Non-Executive members, shall attend the Shareholders Assemblies, where the shareholders present their proposals and opinions to the Board during the Assembly meeting.

Article (24): Responsibilities of the Board to the Company

- A. Develop general strategies, investment plans, general guidelines criteria for investments, in consultation with the Investment Committee.

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- B. Review activities related to organizational preparation and planning, including the approval of organizational design and structural rules, in line with the Company's policy.
- C. Identify the general perception of the risks facing the Company.
- D. Develop and monitor performance indicators (for financial and non-financial objectives).
- E. Supervise the Executive Management of the Company:

The Board is responsible for forming the Executive Management of the Company, regulating how it operates, controlling and supervising it, verifying its performance and the tasks assigned thereto; for this purpose the Board must:

1. Develop necessary administrative and financial regulations.
 2. Verify that the Executive Management operates in accordance with the regulations approved by the Board.
 3. Choose and appoint the CEO, and supervise his work.
 4. Appoint and dismiss the internal audit manager or the internal auditor, and determine his remuneration (if any).
 5. Hold periodic meetings with the Executive Management to discuss the work progress, and the obstacles and problems encountered, and to review and discuss important information regarding the Company's activity.
 6. Set performance standards for the Executive Management in line with the Company's goals and strategy.
 7. Review and evaluate the performance of the Executive Management.
 8. Develop succession plans for the Company's Management.
- F. Maintain confidentiality of information related to the Company and its activities, and not disclose it to third parties.

Article (25): Responsibilities of the Board to Affiliate Companies

- A. Verify that affiliate companies' strategy and financial reporting policies are consistent with those of the Company.

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- B. Set financial and non-financial performance indicators and follow them up.
- C. Monitor the approved performance indicators for each of the affiliate companies, and submit periodic reports to the Board.
- D. Approve major investments according to the pre-defined and agreed-upon Table of Powers.
- E. Evaluate the performance of the affiliate companies' boards and of their membership.
- F. Verify that the governance regulations of the affiliate companies comply with the Corporate Governance Regulations.
- G. Establish a specific internal policy and standards (a decision matrix) that regulates the relationship between the Company and its affiliate companies, and develop it on a regular basis and as needed.
- H. Nominate the Company's representatives to the boards of directors of affiliate companies, or to those of companies in which the Company owns a share in its capital, in light of the matrix of powers approved by the Board.

Article (26): Responsibilities of the Board to its Chairman, the CEO and Board Members

1. Mechanism for selecting the Chairman and Vice-Chairman:

The Board shall elect the Chairman and Vice-Chairman from among its non-executive members, and the Board has the right to dismiss them from their positions or re-elect them at any time.

- 2. Review and approve the mechanisms for evaluating the performance of the Chairman and Board members, which are proposed by the Nomination and Remuneration Committee.
- 3. Based on the recommendation of the Nomination and Remuneration Committee, develop nomination and evaluation procedures for executive positions and their Management succession plans, including the CEO position.
- 4. Follow up the CEO work and performance in light of the recommendations of the Nomination and Remuneration Committee.
- 5. Approve the remuneration paid to the CEO based as proposed by the Nomination and Remuneration Committee.

Article (27): Duties and Responsibilities of the Chairman of the Board

Without prejudice to the competencies of the Board, the Chairman of the Board shall be responsible for leading the Board and supervising its operations and the effective performance of its duties. The competencies and duties of the Chairman of the Board shall, in particular, include the following:

- Ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course.
- Ensuring that the Board effectively discusses all fundamental issues in due course.
- Representing the Company before third parties in accordance with the Companies Law and its Implementing Regulations, and the Company's bylaws.
- Encouraging the Board members to perform their duties effectively, in order to achieve the interests of the Company.
- Ensuring that there are actual communication channels with shareholders, and conveying their opinions to the Board.
- Encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism.
- Preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the Auditor, and consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda.
- Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.
- Notifying the Ordinary General Assembly, at its convening, of the businesses and contracts in which any Board member has direct or indirect interest; this notification shall include the information provided by the member to the Board as per this Regulation, and it shall be accompanied by a special report of the Company's external auditor.

Article (28): Appointing the CEO after the end of his services as Chairman of the Board

The CEO may not be appointed, during the first year following the end of his service, as the Chairman of the Board.

Article (29): Tasks and Duties of Board Members

Each member of the Board shall, being a Board member, perform the following tasks and duties:

- . Provide proposals to develop the strategy of the Company.
- . Monitor the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.
- . Review reports related to the performance of the Company.
- . Ensure the integrity and impartiality of the financial statements and information of the Company.
- . Ensure that the financial control and risk management systems are sound.
- . Determine the appropriate level of remunerations of the Executive Management team.
- . Express opinions as to the appointment and dismissal of members of the Executive Management.

- . Participate in developing the succession and replacement plans of executive positions within the Company.

- . When performing his duties as a member of the Board, comply fully with the provisions of the Companies Law and its Implementing Regulations, and the Company's bylaws, and abstain from taking or participating in any action that constitutes mismanagement of the Company's affairs.

- .. Attend the Board and the General Assembly meetings, and not be absent except for a legitimate reason, of which the Chairman of the Board shall be notified by prior notice, or for emergency reasons.

- .. Allocate sufficient time to fulfill his responsibilities and prepare for the Board and its committees' meetings and effectively participate therein, including raising relevant questions and carrying out discussions with the Senior Executives.
- .. Study and analyze all information related to the matters looked into by the Board, before expressing an opinion on the same.
- .. Enable other Board members to express their opinions freely, and encourage the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary.
- .. Notify the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account. This notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest, whether financial or non-financial. The concerned member shall abstain from voting on any decisions issued in connection therewith, in compliance with the provisions of the Companies Law, the Capital Market Law and their Implementing Regulations.
- .. Notify the Board fully and immediately of his participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law and their Implementing Regulations.
- .. Refrain from disclosing or announcing any secrets he came across, through his membership in the Board, to any shareholder of the Company, unless such

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disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance of the provisions of the Companies Law, the Capital Market Law and their Implementing Regulations.

- .. Work on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders.
- .. Recognize his duties, roles and responsibilities arising from the membership.
- .. Develop his knowledge in the field of the Company's business and activities, and in the related financial, commercial and industrial fields.
- .. Resign from the membership of the Board if he is unable to fully fulfill his duties in the Board.

Article (30): Duties of the Vice-Chairman of the Board

- .. Assist the Chairman in matters and issues related to the Board.
- .. Call the Board to convene in the absence of the Chairman.
- .. Chair the Board meetings in the absence of the Chairman.
- .. Chair the meetings of the General Assembly in the absence of the Chairman.
- .. Manage and lead the Board Chairman's performance appraisal process, in coordination with other Board members.
- .. Carry out any other responsibilities stipulated in the Company's bylaws.

Article (31): Duties of the Independent Director

Without prejudice to the duties of the Board member defined in Article (29) of this Regulation, an Independent Director shall participate effectively in the following duties:

- .. Expressing his independent opinion in respect of strategic issues, the Company's policies and performance, and on the decisions of appointing members of the Executive Management.
- .. Ensuring that the interest of the Company and its shareholders are taken into account and given priority in case of any conflict of interest.

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Overseeing the development of the Regulation, and monitoring its implementation by the Executive Management.

Article (32): Policies, Standards and Procedures for the Board Membership Nomination

Based on a recommendation from the Nomination and Remuneration Committee, and in a manner that does not conflict with the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, the Board shall prepare clear and specific policies, standards and procedures for the membership to the Board of Directors, and put them into effect after approval by the General Assembly.

Article (33): Policy of the Remuneration for Members of the Board, its Committees, and the Executive Management

The Board of Directors shall set a clear policy for the remuneration of the members of the Board, of its committees, and of the Executive Management, provided that such policy shall follow performance-related standards, and it shall be disclosed and put into practice, after being approved by the General Assembly and its implementation has been verified.

Article (34): Board Meetings

A. Number of meetings:

Subject to what is stated in the Companies Law and its Implementing Regulations, the Board shall hold regular meetings to perform its duties effectively, and also convene meetings whenever needed. The Board shall hold its meetings at least twice annually.

B. Meeting procedures:

The Board shall meet upon the invitation of its Chairman or upon a request from two of its members. The invitation to the meeting shall be sent to each of the Board members no less than five days prior to the date of the meeting, accompanied by its agenda, and followed by sending the necessary documents and information a sufficient time prior to the date of the meeting, unless circumstances require that an emergency meeting be convened; in this case, the invitation to the extraordinary or emergency meeting may be sent accompanied by the meeting agenda, and followed by the necessary documents and information within a period less than the five days.

C. Agenda of Board meetings:

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1. The Board shall approve the agenda once the Board meeting is convened. Should any member of the Board raise any objection in respect of such agenda, such objection shall be recorded in the minutes of the meeting.

2. Each member of the Board is entitled to propose additional items to the agenda.

D. Quorum:

The meeting shall not be valid unless attended by half of the Board members, provided that the number of attendees shall not be less than three, unless the Company's bylaws stated a greater percentage or number. Board members may also attend by conference call or means of modern technology, if the Company's bylaws stipulate that this is permissible.

E. Voting:

Every Board member shall have an equal vote, and the Board's decisions are issued by the majority of votes. In the event of equal votes, the Chairman shall have a casting vote.

F. Making decisions by circulation:

The Board of Directors has the right to issue decisions in urgent matters by presenting them to its members separately, unless one of the members requests, in writing, the meeting of the Board to deliberate thereon. These decisions shall be submitted to the Board at its first following meeting, and shall be recorded in writing in the minutes of the meeting.

G. Preparations of Board members:

Preparing to attend Board meetings includes reading and analyzing the file of information and documents that are sent to members five days before the meeting date. This file should include the agenda and supporting documents, such as:

1. A report from the CEO that includes an overview of the Company's operations and the most prominent developments that have affected the Company since the last meeting.
2. A report on the Company's financial performance, focusing on key performance indicators and the Company's strategic performance.

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3. Minutes of the previous meeting.
4. A list of the decisions taken in previous sessions, the development of their implementation and their work progress.
5. Information and documents on the specific topics to be discussed and decided upon.

H. Meeting minutes and proceedings:

1. The Board of Directors shall document its meetings, prepare minutes of the discussions and deliberations, including the voting actions that took place, and classify and save them so that they can be easily referenced when needed. The members of the Board must be provided with a draft minutes within ten (10) days from the date of the meeting, for comments; if no comments on the draft minutes are received from the members within five (5) days from the date of its receipt, this is considered an implicit approval of the draft until it is approved by the Board and signed by all the members present in the first following session, by circulation if necessary, or electronically after the lapse of the above-mentioned duration.
2. If any member of the Board has any remarks in respect of the performance of the Company or any of the matters presented and which was not resolved in the Board meeting, such remarks shall be recorded, and the procedures taken or to be taken by the Board in connection therewith must be set forth in the minutes of the Board meeting. If a member of the Board expresses an opinion different from the Board resolution, such opinion must be recorded in detail in the minutes of this Board meeting.
3. The absence of the member from attending the meeting in which the decision is issued shall not be considered a reason to exempt him from responsibility, unless it is proven that the absent member was not aware of the decision or was unable to object to it after becoming aware of it.

Article (35): Organizing Attendance of Board Meetings

- A. The attendance of Board meetings, and dealing with cases of irregular attendance by members of such meetings, shall be organized.
- B. An Independent Director shall make every effort to attend all meetings in which important and material decisions affecting the position of the Company are made.

Article (36): Power Delegation Matrix

The organizational structure of the Company shall specify the competencies and distribute the duties between the Board and the Executive Management in accordance with the best practices of corporate governance, improve the efficiency of the Company's decision-making and achieve a balance of powers and authorities across the Board and the Executive Management; to achieve this, the Board shall:

1. Approve and develop internal policies in respect of the Company's business and development, including specifying the duties, competencies and responsibilities assigned to the various organizational levels, and determine the issues on which the Board reserves the power to decide.
2. Approve a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation, and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers.
3. Identify the matters on which the Board reserves the power to decide.
4. Develop (a clear matrix or schedule for delegation of powers) aimed at regulating the relationship between the Company and its affiliates, and updating it periodically whenever necessary.

Article (37): Principles of truthfulness, honesty and loyalty

Each member of the Board shall comply with the principles of truthfulness, honesty, loyalty, and care of the interests of the Company and its shareholders, and prioritize their interests over his personal interests. This shall include, in particular, the following:

Truthfulness: is achieved when the relationship between the Board member and the Company is an honest professional relationship, and he discloses to the Company any significant information before entering into any transaction or contract with the Company or any of its affiliates.

Loyalty: is achieved when the Board member avoids transactions that may entail conflict of interest and ensures fairness of dealing, in compliance with the provisions relating to

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conflict of interest stipulated in the Corporate Governance Regulations of the Capital Market Authority.

Care: is achieved by performing the duties and responsibilities set forth in the Companies Law and its Implementing Regulations, the Corporate Governance Regulations of the Capital Market Law, and the Company's bylaws and other relevant laws.

Article (38): Exercising Competencies of the Board:

The Board shall exercise its competencies and duties to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects.

Without prejudice to Paragraph (B) of Article (20) of this Regulation, the Board may, within the scope of its competencies, delegate to one or more of its members or committees or a third party the performance of a specific function or functions.

The Board shall develop an internal policy that explains the procedures of the Board activities and aims at encouraging its members to work effectively and fulfill their obligations towards the Company.

The Board shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for Board and committee meetings and ensuring the coordination, recording and retaining of the minutes of its meetings.

Article (39): Policy for the Boards of Affiliated Companies Managed by the Company:

A Board member, who is also a member of any of the boards of directors of the affiliate companies managed by the Company or of the committees emanating from those boards, declares that any decision taken by the affiliate board is in accordance with the Table or Matrix of Powers approved by the Board; and in the event that such decision is out of the scope of the powers, the member should refer to the Board in this regard.

Article (40): Separation of Positions

- A. Without prejudice to the provisions of the Company's bylaws, the Board appoints a chairman, a vice chairman and may appoint a managing director from its members.

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- B. It is not permissible to hold, at the same time, the position of Chairman of the Board and any other executive position in the Company, including the positions of the CEO, managing director (if any) or general manager, even if the Company's bylaws provided for otherwise.
- C. The Company's bylaws shall specify the competencies and responsibilities of the Chairman, Vice Chairman, and Managing Director (if any).
- D. In all cases, no person shall have the sole and absolute power to take decisions in the Company, and the decisions should be taken in an institutional manner.

Article (41): Insider Information Trading

- A. Board members, Senior Executives, the Secretary of the Board and any other insider person are prohibited from trading in the Company's shares based on inside information. A non-insider is prohibited from trading based on inside information if he obtained this information from another insider and he is aware or ought to be aware that this information is internal.
- B. The insiders and non-insiders referred to in (A) above are prohibited from disclosing any inside information to any other person whom they are aware or ought to be aware may trade in securities on the basis of the inside information.

Article (42): Assessment and Training

A. Performance Evaluation:

1. The Board shall develop, based on the proposal of the Nomination Committee, the necessary mechanisms for the annual evaluation.
2. The procedures of performance evaluation shall be in writing, and clearly stated and disclosed to the Board members and parties concerned with the assessment. This is in order to ensure the effectiveness of the work of the Board and its members, the committees and the Executive Management.

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3. Performance evaluation depends (but is not limited to) the key performance indicators related to the Company's strategic objectives, the quality of risk management, the efficiency of internal control systems and related activities. The performance evaluation also includes testing strengths and weaknesses, and possible ways to address weaknesses.
4. The individual assessment of the Board members shall take into account the extent of effective participation of the member, his commitment to performing his duties and responsibilities, and his overall contribution to the Company, including focusing on areas that the Board or Management believes can be improved, in addition to attending the meetings of the Board and its committees and dedicating adequate time therefor.
5. The Board shall also obtain an evaluation of its performance from an independent third party once every three years. This party, and its relationship with the Company (if any) shall be disclosed in the Board's report.
6. Non-Executive Directors shall carry out a periodic assessment of the performance of the Chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of the Board in the discussion on this matter.
7. The annual report of the Board shall include the results of the performance evaluation of the Board and its members, committees and the Executive Management.

B. Training:

The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programs required for the same, taking the following into account:

A- Preparing programs for the recently-appointed Board members and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following:

1. The strategy and objectives of the Company;
2. The financial and operational aspects of the Company's activities;

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3. The obligations of the Board members and their duties, responsibilities and rights;
4. The duties and competencies of the committees of the Company.

B- Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

In light of this, the onboarding program for new members of the Company includes the following:

- Preparing a file containing the necessary documents that must be viewed, including, for example, (the Company's bylaws, the annual report for the past two years, some internal regulations, such as the Governance Regulation that includes the duties, obligations, responsibilities and responsibilities of Board members, and committees and their competencies, and similar documents).
- Delivery to new members by the Executive Management of a comprehensive presentation about the Company's plans, strategy, objectives, financial and operational aspects of its activities, its work process, its affiliates, and all its activities related to the Company (Onboarding Presentation).
- Coordinating and arranging a visit to the Company and its affiliated business sectors to familiarize new members with its activities and work on site.

Article (43): Communication between Board Members, Committees, Affiliate Boards, and Executive Management

To enhance communication between the Board, committees and boards of directors of affiliate companies inside and outside the Kingdom, the following directives shall be adhered to:

- A. The invitation to hold any meeting shall be directed by the Chairman of the Board or the concerned committee, whether at the level of the Company or the affiliate companies.
- B. Scheduled meetings are not canceled or postponed except after consulting with the Chairman of the Board or the Chairman of the relevant committee.
- C. The Chairman of the Board has the right to call for an unscheduled extraordinary meeting whenever he deems it necessary, or upon the requests of two members.

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- D. Coordination should take place between the Board Chairman, the Secretary, the members, and the CEO when setting the meeting agenda.
- E. Coordination should take place between the Chairman of the Board and the committees before holding any meetings and when sending any information.
- F. Affiliates must provide the Board with a periodic report on their performance.
- G. In avoidance of any conflict, the Company sets in advance the agenda of the Board, the committee meetings, and the meetings of the boards and committees of affiliate companies, and circulates it to the stakeholders to take their views on it, in preparation for acting accordingly.
- H. The Secretary of the Board is the contact point with the members of the Board in matters related to the affairs of the Board; and in the event the Secretary is absent or any emergency occurred thereto, a member of the Executive Management team who has a relationship and experience with the work of the Board shall carry out the task until the Secretary of the Board returns, under the direction of the Chief Executive Officer,
- I. Members of the Board and committee members can communicate with the CEO and CFO or any of the executive team members when needed.

Article (44): Providing Board Members with Information and Communicating with Them

The Executive Management of the Company shall provide the Board members, the Non-Executive Directors in particular, and the committees of the Company with all of the necessary information, details, documents and records, provided that they are complete, clear, correct and non-misleading, in due course to enable them to perform their duties and obligations.

Article (45): Sources and Authorities

In order to carry out its oversight role, the Board shall have the authority to investigate any matter presented to it. It shall be entitled to fully access all books, records, documents, facilities, and the affairs of the Company's personnel. It is also entitled to use any third party, auditors or consultants, or to incur other expenses for this purpose, and the Company shall pay all such expenses. The Board may request a meeting with any

employee of the Company or its affiliates or any external legal advisor, or the external auditors, or any committee of the Board. In addition, the Board members have the right to have the Company insure for their liability on their behalf.

Article (46): Competencies and Duties of the Executive Management

Without prejudice to the competencies entrusted to the Board pursuant to the provisions of the Companies Law and its Implementing Regulations, the Executive Management shall be responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its purposes. The competencies and duties of the Executive Management shall include the following:

1. Implementing the Company's internal policies and rules approved by the Board.
2. Proposing the Company's comprehensive strategy, and translating the strategic plan into operations, as well as proposing the principal and interim business plans, and the policies and mechanisms for investment, financing, risk management, and emergency administrative circumstances management plans and implementation of them.
3. Preparing periodic financial and non-financial reports on the progress made in the Company's activity in light of its strategic plans and objectives, and presenting such reports to the Board of Directors.
4. Proposing the most appropriate capital structure for the Company, and its strategies and financial objectives.
5. Proposing the organizational and functional structures of the Company, and submitting them to the Board for approval.
6. Effectively implementing the Company's corporate governance rules, in a manner that does not conflict with the provisions of the Corporate Governance Regulations, and suggesting their amendment when needed.
7. Managing human, material and financial resources in an optimal manner and in line with the Company's objectives and strategy.

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8. Managing the Company's daily work and conducting its activities, and managing its resources in an optimal manner and in accordance with the Company's objectives and strategy, and relevant laws and regulations.
9. Developing and implementing internal control and risk management systems, verifying the effectiveness and adequacy of those systems, and ensuring compliance with the risk level approved by the Board of Directors.
10. Suggesting or approving the internal policies related to the Company's work and its development, including defining the tasks, competencies and responsibilities entrusted to various organizational levels, in accordance with the bylaws and the regulations approved by the Board.
11. Monitoring indicators related to the Company's business environment and relevant industries.
12. Executing the policy drawn up by the Board and the Shareholders Assemblies, and taking decisions required for the Company's benefit, and for conducting its business and achieving its objectives.
13. Recommending to the Board of Directors regarding the following:
 - A. The Company's general strategy and investment plan.
 - B. Setting financial goals for the Company and its affiliates.
 - C. Determining the optimal model for distributing the capital of affiliate companies, and other investments of the Company.
14. Suggesting the main capital expenditures of the Company and owning and disposal of assets.
15. Implementing internal control systems and procedures, and generally overseeing them, which include:
 - A. Implementing the conflict of interest policy;
 - B. Correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports;
 - C. Applying appropriate control systems for measuring and managing risks, by generally forecasting the risks that the Company may encounter and

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creating an environment which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other stakeholders.

16. Entering into or exiting from investments in new activities outside the scope of the main activities of the affiliates.
17. Implementing and ensuring the Company's compliance with the corporate governance standards set forth in this Regulation, and as set by the Board at the level of the Company and its affiliates.
18. Implementing policies and procedures to ensure the Company's compliance with the laws and regulations, and its obligation to disclose material information to shareholders and stakeholders.
19. Providing the Board with the information required to exercise its competencies, and provide recommendations regarding the following:
 - A. Increasing or decreasing the share capital of the Company;
 - B. Dissolving the Company before the end of its term as specified in its bylaws, or deciding the continuation of the Company;
 - C. Using the consensual reserve of the Company;
 - D. Forming additional reserves for the Company; and
 - E. The method of distributing the net profits of the Company.
20. Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares;
21. Suggesting a clear policy for assigning business to the Executive Management and the way to implement it.
22. Suggesting the powers to be delegated to the Executive Management, the decision-making procedures and the delegation period, provided that periodic reports on the exercise of these powers be submitted to the Board.

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23. Monitoring the financial performance of the affiliate companies in light of the guidelines and governance model applied in the Company.
24. Participating effectively in building and developing a culture of ethical values within the Company.
25. Representing the Company with the official authorities and coordinating with them to contribute to the development of the necessary legislation and laws, to remove the obstacles that the Company may encounter, and support its ability to achieve its goals.
26. Maintain confidentiality of information related to the Company and its activities, and not disclose it to third parties.
27. Developing a package of necessary actions to act accordingly to control communication with various media means, to ensure that the Company's disclosures comply with the laws and regulations.

Article (47): Secretary of the Board

A. Duties and responsibilities of the Secretary of the Board:

The Board shall appoint a secretary from among its members, or from among the Company's employees, whose competencies and remuneration are determined by a decision of the Board, unless the Company's bylaws or the policy for the remuneration of the Board members, the members of its committees, and the Executive Management include provisions in this regard; these competencies shall include the following:

1. Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried out during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results, and retaining them in a special and organized register, and recording the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
2. Retaining the reports submitted to the Board and the reports prepared by it.
3. Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board member.

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4. Ensuring that the Board members comply with the procedures approved by the Board.
5. Notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting.
6. Preparing the schedule of the annual meetings of the Board and its committees (the Company and its affiliates) in accordance with the governance rules and regulations approved by the General Assembly or the Board, and informing the members of the Board of the dates of Board meetings well in advance of the specified date.
7. Presenting the draft minutes to the Board members to provide their opinions on them before signing the same.
8. Ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company.
9. Coordinating among the Board members.
10. Regulating the disclosure register of the Board and Executive Management in coordination with the Governance and Compliance Officer, as per Article (92) of the Corporate Governance Regulations.
11. Providing assistance and advice to the Board members.
12. Coordinating with the Governance and Compliance Officer with regard to the governance requirements related to the Board and its committees, where applicable, and their composition, responsibilities and work regulations.

The Secretary of the Board may not be dismissed except by a decision of the Board.

B. Qualifications of the Secretary of the Board:

1. He holds a bachelor's degree in the field of law, finance, accounting or administration, and has relevant practical experience of not less than three years; Or he has relevant practical experience of not less than five years if he does not have a university degree in any of the aforementioned fields.
2. He has good communication and attendance skills.

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3. He is familiar with the Companies Law and the Capital Market Authority's Regulations.
4. He is familiar with the Company's activities and its field of work.
5. He is detail-oriented, flexible and creative.
6. He has good Arabic and English written skills.

C. Independence of the Secretary of the Board:

1. The Board shall appoint its Secretary from among Board members or from among the Company's employees to carry out the tasks stipulated in this Regulation. The Secretary of the Board may not be dismissed except by a decision of the Board. The Board shall determine the Secretary's entitlements and remunerations unless they are specified in the policy for the remuneration of the Board members, the members of its committees, and the Executive Management.

Chapter 4: Company Committees

Article (48): Company Committees

The Company has three committees, namely:

1. Audit Committee.
2. Nomination and Remuneration Committee.
3. Investment Committee.

The Board may form other committees, whether those indicative committees mentioned in the Corporate Governance Regulations issued by the Capital Market Authority, or as required at a later time.

Article (49): Committee Objective

These committees act as auxiliary arms to the Board in the process of administrative control, considering topics related to the nature of their work in detail, and making recommendations regarding them to the Board to help it take sound decisions.

Article (50): General Directives

- A. Forming the committees shall be in accordance with general procedures set by the Board, and the committee shall inform the Board of its findings or decisions with complete transparency. The Board of Directors shall regularly follow up on the work of these committees to ensure that they are carrying out the tasks entrusted to them. This does not absolve the Board of any responsibilities it delegated to these committees.
- B. The Board shall determine the tasks and responsibilities of each committee, in addition to the methods of holding its meetings and conducting of its work, and the way to compensate its members within the regulations of those committees.
- C. The two regulations of the Audit Committee and the Nomination and Remuneration Committee shall be approved by the General Assembly of Shareholders.
- D. Each committee has the right to recommend to the Board on the amendments it deems appropriate to its regulation for approval, except for the regulations of the Audit Committee and the Nomination and Remuneration Committee, whose amendment requires the approval of the General Assembly of Shareholders.

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- E. The Company shall inform the Authority of the details of the committees emanating from the Board, including the names of the committee members and their membership descriptions, within five working days from the date of their appointment, or in the event of subsequent changes in this regard.
- F. All committees are authorized to investigate any matter presented to them, and they have full power to access the Company's books, records, facilities, and personnel affairs. They are also authorized to appoint lawyers, consultants, or external auditors for the same purpose, which represents the oversight role exercised by the committees, and the Company shall bear all required expenses.
- G. With the exception of the Audit Committee, the Board has the power to determine the remuneration of the committees in accordance with the provisions of the Company's bylaws, as the details of these remunerations were mentioned in the Policy of Remuneration for the Board, its Committees and the Executive Management approved by the General Assembly of Shareholders.

Article (51): Formation of Committees

Without prejudice to Article (101) of the Companies Law and Article (54) of the Corporate Governance Regulations issued by the Capital Market Authority, the Board shall form specialized committees as follows:

1. As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
2. The formation of the committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each committee, and the manner in which the Board monitors the activities of each committee. The committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties delegated to them.
3. Each committee shall be responsible before the Board for its activities, this shall not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to such committee.

4. The number of members of a committee shall not be less than three or more than five.
5. The chairmen, or whomever they delegate from among committee members, shall attend the General Assembly meetings and answer any questions raised by the shareholders.
6. The Company shall provide the Authority with the names of the members and the types of their memberships in such committees of the Board within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes.
7. The Company may combine remuneration and nomination committees into one committee, named the Nomination and Remuneration Committee; in such case, the Nomination and Remuneration Committee must satisfy the requirements related to any of them as set forth in the Corporate Governance Regulations, provided that the Committee convene periodically at least every six months.

Article (52): Committee Membership

- A. Committee members are appointed by the Board based on the recommendation of the Nomination and Remuneration Committee for a period of three years from the start of the term of the Board and ending with the expiry of its term, provided that the number of members of each committee shall not be less than three and not more than five. The members of the committee must have experience and qualifications related to the nature of the work, tasks and responsibilities of the concerned committee. The Board may dismiss all or some of the members at any time, as it deems appropriate, to achieve the goals and work of the committee, except for members of the Audit Committee where they are appointed and dismissed by the General Assembly of Shareholders.
- B. A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve a conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to membership of the Board, appointment of Senior Executives and determining the remuneration. Chairmen and members of these

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committees shall comply with principles of truthfulness, honesty, loyalty, and care and shall attend to the interests of the Company and its shareholders, and prioritize them over their personal interests.

C.

The Company shall take into consideration while forming the Nomination and Remuneration Committee that its members are of Independent Directors. The Board may appoint Non-Executive Directors or persons other than Board members either from shareholders or others, provided that the chairman of the committee mentioned in this paragraph is of the Independent Directors.

D. The Chairman of the Board shall not be a member of the Audit Committee. He may be a member of other committees, provided that he is not the chairman of any of the committees mentioned in this Regulation.

E. Each committee has the right to form a work team emanating from it for any purpose it deems appropriate and for achieving its objectives. It is also entitled to grant some of its powers and authorities to the said work team, whenever it deems appropriate, provided that the number of members of any work team emanating from this committee is not less than two members.

F. The Board shall appoint a chairman for each committee, and if the Board does not do so, the members of the committee shall choose a chair for them by the majority votes of the committee members.

G. Each committee member has the right to resign, provided that the member submits his resignation at an appropriate time and notifies the Board of the same.

H. In the event of a vacancy in one of the membership seats of any of the Company's committees, the Board, upon the recommendation of the Nomination and Remuneration Committee, shall appoint a member in the vacant seat to complete the term of office of his predecessor until the end of the Board term. For the Audit Committee, the Board's decision of appointment must be submitted to the nearest General Assembly of Shareholders for approval.

Article (53): Studying Subjects

A. Each committee shall assess the matters that fall within its authority or those referred to it by the Board. It shall communicate its recommendations to the Board

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by the Board.

- B. Board committees may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes state the name of the expert and his relation to the Company or its Executive Management.

Article (54): Committee Meetings:

- A. No member of the Board or the Executive Management, except the Secretary, or committee members may attend the meetings of a committee unless such committee requests his opinion or advice.
- B. Committee meetings are valid if attended by a majority of its members. Resolutions of the committees shall be issued by the majority of votes present; in case of a tie, the chairman of the relevant committee shall have a casting vote.
- C. Board meetings shall be documented, and minutes including the discussions and deliberations carried out during such meetings shall be prepared. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, to include the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.

Article (55): Formation of the Audit Committee

An audit committee shall be formed by a resolution of the Company's General Assembly and in accordance with what is stipulated in the Audit Committee Regulation, taking into account the mechanisms for forming the Committee, the Committee's competencies and powers, and its responsibilities for financial reports, the internal control system, internal audit, investee companies, the external auditor, the mechanism for managing Audit Committee meetings, arrangements for providing notes, and clarification of the mechanism for organizing the conflict between the Audit Committee and the Board.

Article (56): Formation of the Nomination and Remuneration Committee

Upon a decision of the Company's Board, a committee called "the Nomination and Remuneration Committee" shall be formed. It shall consist of at least three members and **not more than five members**, provided that at least one of them be an Independent

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Director, in accordance with what is stipulated in the Committee's Regulation, and taking into account the Committee's formation mechanisms, its competencies, powers and responsibilities.

Chapter 5: Conflict of Interest and Related Parties Transactions

Article (57): Internal Control System

Taking into account the provisions of the Companies Law and its Implementing Regulations, and the Corporate Governance Regulations, the Board shall set a written policy to deal with actual or potential conflict of interest cases that could affect the performance of members of the Board, the Executive Management or other employees of the Company when they deal with the Company or with other stakeholders; this policy shall include the following in particular:

1. Informing Board members, Substantial Shareholders, Senior Executives and other employees of the Company of the importance of avoiding situations that may lead to a conflict between their interests and the interests of the Company, and dealing with them in accordance with the provisions of the Companies Law and its Implementing Regulations.
2. Providing examples of conflict of interest situations that are relevant to the nature of the Company's activity.
3. Clear procedures for disclosing conflict of interest in the activities that may lead to such conflicts and obtaining authorization or the requisite approval.
4. The obligation to constantly disclose situations that may lead to conflict of interest or upon the occurrence of such conflicts.
5. The obligation to abstain from voting or taking part in decision-making when there is conflict of interest.
6. Clear procedures when the Company contracts or enters into a transaction with a Related Party; this shall include notifying the Authority and the public, without any delay, of that contract or transaction if it is equal to or exceeds 1% of the Company's total revenues according to the last annual audited financial statements.
7. Actions to be taken by the Board in case of breaching this policy.

In light of this, the Board approved the Policy of Conflict of Interest and Related Parties Transactions attached in Annex (1) of this Regulation.

Chapter 6: Internal Control Activities

Article (58): Internal Control System

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implement the provisions of the Company's governance rules approved by the Company and comply with the relevant laws and regulations. Such system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that Related Party transactions are implemented in accordance with the relevant provisions and controls.

Article (59): Establishing Independent Units or Departments within the Company

- A. For purposes of implementing the approved internal control system, the Company shall establish units or departments for risk assessment and management and for internal auditing.
- B. The Company may utilize external entities to perform the duties and competencies of the units or departments of risk assessment and management and internal control without prejudice to the Company's responsibility for those duties and competencies.
- C. Separating between the tasks of the risk management department and tasks of the internal audit department in a way that ensures they are separate from each other.

Article (60): Duties of the Internal Audit Department

The internal audit department assesses and oversees the implementation of the internal control system, and verifies that the Company and its employees comply with the applicable laws, regulations and instructions, and the Company's policies and procedures.

Article (61): Composing an Internal Audit Department

The internal audit department shall be composed of at least one internal auditor whose appointment is recommended by the Audit Committee. This internal auditor shall be

responsible before the Audit Committee. The formation and operation of the internal audit department shall take the following into consideration:

1. Employees of such department shall be competent, independent and adequately trained, and they shall not be entrusted with any other functions than internal audit duties and internal control system.
2. The department shall report to the Audit Committee, and shall be subordinate and accountable to it.
3. The remunerations of the manager of the audit department shall be determined by the recommendation of the Audit Committee as per Company's policies.
4. The department or unit shall be given access to information and documents, and it shall be able to obtain the same without any restrictions.

Article (62): Internal Audit Plan:

The internal audit department shall operate pursuant to a comprehensive audit plan approved by the Audit Committee, and this plan shall be updated annually. Key activities and operations, including the activities of the risk management and compliance departments, shall be reviewed at least annually.

Article (63): Internal Audit Report:

- A. The internal audit department shall prepare a written report on its activities at least quarterly and submit it to the Board and the Audit Committee. Such report shall include an assessment of the Company's internal control system and the final opinion and recommendations of the department. Such report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure.
- B. The internal audit department shall prepare a general written report to be submitted to the Board and the Audit Committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year.

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- C. The Board shall specify the scope of the report of the internal audit department, based on recommendations from the Audit Committee and the internal audit department. The report shall include the following, in particular:
1. Procedures for monitoring and overseeing the financial affairs, investments and risk management.
 2. Assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes in the Exchange.
 3. An assessment of the performance of the Board and the Senior Management with respect to the implementation of the internal control system, including specifying the number of times the Board has been informed of control issues (including risk management), and a description of the method followed to address such issues.
 4. Failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures (particularly the issues disclosed in the Company's annual reports and its financial statements).
 5. The extent to which the Company has complied with the internal controls when determining and managing risks.
 6. Information describing the Company's risk management operations.

Article (64): Maintaining Internal Audit Reports:

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in their regard.

Article (65): Governance and Compliance Department:

The Company may establish a department specialized in managing governance and compliance to ensure the effective application of the Regulation, and it shall submit reports on the performance of this department to the CEO or Managing Director (if any). It shall also submit the reports of this department to the Governance Committee (if any). The most prominent tasks of the governance and compliance department are the following:

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1. Ensure the Company's commitment to and fulfillment of the governance requirements, through implementing the rules, regulations and instructions issued by the Capital Market Authority and other relevant regulatory authorities, and the Company's bylaws.
2. Develop internal regulations, rules and policies related to governance and compliance in a manner that does not conflict with the regulations issued by the legislators, verify the Company's compliance with them, and propose amending and updating them in accordance with regulatory requirements and best practices as needed.
3. Take preventive measures that ensure the Company achieves compliance and avoids violations, and evaluate their suitability on an ongoing basis.
4. Provide necessary advice to the Board, its committees, and the Executive Management in the field of governance and its applications.
5. Keep members of the Board and its committees informed of developments in the field of governance and best practices.
6. Prepare required responses to the inquiries received from the regulatory authorities related to governance and compliance.
7. Prepare and coordinate with local and international entities and agencies that are interested in evaluating the Company's efforts in the field of governance, and giving awards, which enhances the Company's reputation in the field of corporate governance and transparency.
8. Develop a record of the transactions with Related Parties for members of the Board, Senior Executives and their relatives, and Major Shareholders, and update it on an ongoing basis in cooperation with the Company's Management, its affiliates and the concerned persons.
9. Prepare the annual report on governance and compliance and related periodic reports, and ensure that they meet the standards and regulatory requirements.
10. Prepare and arrange the meetings of Ordinary and Extraordinary General Assemblies in light of what was mentioned in Chapter 2 on Shareholders Assemblies of the Corporate Governance Regulations issued by the Capital Market Authority, and the Company's bylaws.
11. Review the minutes and decisions of the Board and the committees to make any comments about them (if any), in light of the governance requirements and related

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regulations, and the Table of Powers approved by the Board to ensure the compliance and conformity process.

12. Review all unpublished material disclosures that may affect the price of securities, including periodicals, bulletins and media materials issued by the Company and what is published on the Company's website and social media sites, to ensure their compliance with the regulations and laws of listed joint-stock companies, and to save the Company any violations that may occur as a result .
13. Manage the operating systems and the Company's account with both the Authority and the Saudi Stock Exchange (Tadawul), and update them periodically.
14. Prepare the Company's announcements and disclosures, ensure that they meet the requirements, supervise their publication on the Tadawul website, circulate them to Board members and Senior Executives, and inform them about the announcements of listed companies and the relevant authority that are published on the websites of Tadawul or the Authority on an ongoing basis through the Governance and Compliance Officer.

The Company may, from time to time, use a specialized third party to assist it in developing governance systems and regulations, so as to be in line with leading international governance and compliance practices.

Chapter 7: Auditor of the Company

Article (66): Assigning the Audit Function:

The Company shall assign the function of auditing its preliminary (quarterly) and annual accounts to an independent and competent auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, in which he sets out whether the Company's financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas.

Article (67): Appointment of the Company's Auditor and his Duties:

A. Appointment of the Auditor:

The Ordinary General Assembly shall appoint the Company's Auditor based on a recommendation from the Board, provided that the following requirements are met:

1. The nomination shall be based on a recommendation from the Audit Committee.
2. The Auditor shall be authorized by the competent authority.
3. The Auditor's interests shall not conflict with the interests of the Company.
4. The number of nominees shall not be less than two.

B. Duties of the Auditor:

The Auditor shall:

1. Owe the duties of loyalty and care to the Company.
2. Notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises.
3. Request the Board to call for a General Assembly meeting if the Board has not facilitated his mission. He shall be liable to compensate the Company, the shareholders or third parties for the damages resulting from errors he commits in the course of conducting his work. If an error is attributable to more than one auditor, they shall be jointly responsible therefor.

Chapter 8: Stakeholders

Article (68): Regulating the Relationship with Stakeholders:

The Board shall establish clear and written policies and procedures regulating the relationship with the stakeholders with the aim of protecting them and safeguarding their rights, which shall include the following, in particular:

1. Methods to compensate the stakeholders when their rights established by laws or protected by contracts are infringed.
2. Methods for resolving complaints or disputes that may arise between the Company and the stakeholders.
3. Methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information.
4. Rules of professional conduct for Company managers and employees which are prepared in compliance with proper professional and ethical standards and regulate their relationship with the stakeholders, and the Board shall establish mechanisms for supervising the implementation of, and compliance with such rules.
5. The Company's social contributions.
6. Ensuring that the Company's transactions with Board members and Related Parties are carried out on terms identical to the terms of transactions followed with the stakeholders, without any discrimination or bias.
7. The stakeholders obtain the information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient, and be provided in timely manner and on a regular basis.

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8. Treating Company employees pursuant to the principles of justice and equality and without discrimination.

In light of this, the Board approved the Stakeholder Relation Policy as defined in Annex (2) of this Regulation.

Article (69): Reporting Non-Compliant Practices:

The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by the stakeholders when submitting complaints or reporting any violations, taking the following into consideration:

1. Facilitating the method by which the stakeholders (including Company employees) report to the Board conducts and practices of the Executive Management that violate applicable laws, regulations and rules, or raise doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard.
2. Maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialized committees.
3. Appointing an employee to receive and address complaints or reports sent by the stakeholders.
4. Dedicating a telephone number or an email address for receiving complaints.
5. Providing the necessary protection to the stakeholders.

Article (70): Employee Incentive and Remuneration Policy:

The Company is keen to motivate its employees and treat them fairly according to this policy and the human resources policies it adopts, which guarantee for employees a mechanism of development and promotion without discrimination or bias. The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. In light of this, the Company's Nomination and Remuneration Committee shall review the salary scale specified for all employees and

Senior Executives and the incentive program and plans on an ongoing basis, and approve

them based on the recommendation of the Executive Management, in a manner that does not conflict with the work system and any applicable regulations in this regard. The policy and programs for the incentives and remuneration of the employees, including the Executive Management, shall include the following:

- Base salary (paid at the end of each calendar month and on a monthly basis);
- Allowances include, but are not limited to, housing allowance, transportation allowance, children's education allowance, and phone allowance (according to the job grades determined by the applicable internal human resources policy);
- Medical insurance benefits for the employee and his family;
- Life insurance policy (includes work injuries, partial and total disability, and death at work);
- An annual bonus linked to performance indicators, according to the annual evaluation conducted in this regard;
- Short-term incentive plans related to exceptional performance, and long-term incentive plans, such as stock options programs (when available) that are adopted by the Company in light of its bylaws and relevant applicable regulations;
- Other benefits include, but are not limited to, annual leave, annual travel tickets, executive airport services for the Executive Management team, and end-of-service gratuity, according to the work system and human resources policy approved by the Company.
- A special program for employee housing loans in light of the approved internal policy in this regard.
- The plans, programs and general guidelines for the remuneration of Senior Executives are approved by the Nomination and Remuneration Committee.
- The CEO implements the Policy for Remuneration of the Employees and Senior Executives in light of the plans, programs and general guidelines approved by the Committee.

Chapter 9: Professional and Ethical Standards

Article (71): Professional Conduct Policy, Work Ethics and Culture

The Board shall establish a policy for professional conduct and ethical values at the Company, which shall particularly take the following into consideration:

1. Ensuring that each member of the Board or the Executive Management and employees performs his duties of loyalty and care to the Company, and undertakes the measures that may protect the Company's interests and contribute to its development and increase its value, and he shall, at all times, prioritize the Company's interests over his own interests.
2. A Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other the stakeholders rather than only the interests of the group that elected him.
3. Establishing among the Board members and Senior Executives the principle of compliance with all relevant laws, regulations and instructions.
4. Preventing the Board members or the Executive Management from abusing their positions to achieve benefits for himself or a third party.
5. Ensuring that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests.
6. Establishing accurate, well-formed, and clear rules regulating the authority to access the Company's internal information and timing to access it, in a way that prevents the Board members, the Executive Management and others from making personal use or disclosing the same to any person, except within the prescribed limits or as permitted by law.

In light of this, the Board approved the Professional Conduct and Ethical Values Policy as defined in Annex (3) of this Regulation.

Chapter 10: Disclosure and Transparency Policy

Article (72): Disclosure Policies and Procedures

Without prejudice to the Rules on the Offer of Securities and Continuing Obligations, and Listing Rules, the Board shall set forth in writing the policies, procedures and supervisory rules related to disclosure, pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, as the case may be, and their Implementing Regulations, taking into consideration the following:

1. Such policies shall include proper disclosure methods that enable the shareholders and other stakeholders to access the financial and non-financial information pertaining to the Company's performance and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position.
2. Disclosure to shareholders and investors shall be made without discrimination in a clear, correct and non-misleading way, and in a timely, regular and accurate manner in order to enable shareholders and other stakeholders to exercise their rights to the fullest extent.
3. The Company's website shall include all information required to be disclosed, and any details or other information that may be published through other disclosure methods.
4. Reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure.
5. The disclosure policies shall be reviewed periodically, and their compliance with the best practices and the provisions of the Capital Market Law and its Implementing Regulations shall be verified.

In light of this, the Board approved the Disclosure and Transparency Policy as defined in Annex (4) of this Regulation.

Chapter 11: Final Provisions

Article (73): Implementation of Effective Governance:

The Board shall establish governance rules for the Company in accordance with the provisions of this Regulation, and it shall monitor their implementation, verify their effectiveness, and amend them as necessary. To that end, the Board shall:

- A. Verify that the Company is in compliance with these rules.
- B. Review and update the rules pursuant to statutory requirements and best practices.
- C. Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- D. Regularly inform the Board members of the developments in corporate governance and best practices, or authorize the Audit Committee or any other committee or department to undertake this task.

Article (74): Retaining of Documents

A company shall retain all minutes, documents, reports and other papers required to be maintained in the Company's head office for at least ten years as per the Corporate Governance Regulations issued by the Capital Market Authority. These documents shall include the reports of the Board and Audit Committee. Without prejudice to this period, the Company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

Article (75): Procedures for Amending this Regulation:

This Regulation shall be effective as of the date of its approval by the Board, and no provisions are modified, deleted or added to this Regulation, except upon the approval of the Board.

Article (76): Publication and Entry into Force

- A. Subject to Paragraph (B) below, the provisions of this Regulation shall be implemented and adhered to by the Company as of the date of its approval by the Board of Directors, and it shall be published on the Company's website.
- B. All the optional (guidance) requirements in the Corporate Governance Regulations issued by the Authority and referred to in this Regulation will remain optional for the Company unless the Authority later decides the Company shall comply with them.
- C. This Regulation is considered complementary to the Company's bylaws, the regulations of the Board and its committees, and to other related regulations.
- D. This Regulation shall supersede all procedures, decisions or internal regulations of the Company contrary thereto.
- E. In cases where no provision is made in this Regulation, the relevant laws and regulations issued by the competent authorities shall apply.