



SAUDI LISTED JOINT STOCK COMPANY —

Corporate Governance

The regulations were approved by the decision issued by the Ordinary General Assembly of the company No. 02/2020 and the date: 04/07/1442 AH corresponding to: 11/22/2020 AD.

The regulations were updated at the (extraordinary) General Assembly meeting held on September 29,

Part 1

Preliminary Provisions

Introduction

Governance is a key requirement for regulating work in both public and private sector entities in their various activities and at all local, regional, and international levels. It is also considered a necessity whose implementation has become essential to set rules and principles for the management and oversight of establishments and to implement the practice of good management in them. These solid rules and principles extend to the organizations of the public and private sectors as well as civil society and non-profit organizations.

Governance uses efficient principles that ensure effective implementation by guaranteeing business continuity, competitiveness, and holdout in the face of global changes, in a way that ensures the preservation of the rights of stakeholders (shareholders, creditors, consumers, suppliers, and the workforce in different positions), and generally speaking, the individual, the society, and the state.

The governance regulations for Retal Urban Development Company were prepared in line with the international governance principles and in accordance with the requirements of governance at the regional and local levels, especially as stated in the Capital Market Authority Law, the Saudi Companies Law, and other Saudi laws, as well as the statute of Retal, in order to set rules and standards governing the management of the Company to ensure compliance with the best governance practices that ensure the protection of the rights of shareholders and stakeholders as well as ensuring continuity, expansion, and effectiveness of the Company.

The present Regulations aim at establishing an effective legal framework to govern the Company, and particularly aim at the following:

1. Enhancing the role of the Company's shareholders and facilitating the exercise of their rights;
2. Stating the competencies and responsibilities of the Board and the Executive Management;
3. Enhancing the role of the Board and the committees and developing their capabilities to enhance the Company's decision-making mechanisms;
4. Achieving transparency, integrity, and equity in the financial market, its transactions, and the business environment and enhancing disclosure therein;
5. Providing effective and balanced tools to deal with conflicts of interest;
6. Enhancing accountability and control mechanisms for the Company's employees;
7. Establishing the general framework for dealing with Stakeholders and protecting their rights;
8. Supporting the effectiveness of overseeing companies and the tools thereof;
9. Raising the awareness of companies in respect of the concept of professional conduct and encouraging them to adopt and develop such concept in accordance with their nature;

Definitions

The following terms and expressions shall have the meaning assigned thereto, unless the context otherwise requires:

Company	Retal Urban Development Company (Retal)
Regulations	Retal Urban Development Company's governance regulations
Statute	Retal Urban Development Company's statute
Companies Law	The Companies Law issued by Royal Decree No. M/3 dated 28/1/1437 AH and the issued decisions and annexes to its amendment.
Corporate Governance	Rules to lead and guide the Company that includes 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.
Shareholders Assembly	An assembly consisting of the shareholders in Retal Urban Development Company formed in accordance with the provisions of the Companies Law and the Company's statute.
Board/Board of Directors	Retal Urban Development Company's Board of Directors.
Independent Director	<p>A non-executive member of the Board who enjoys complete independence in his position and decisions. By way of example, the following negate the independence requirements:</p> <ol style="list-style-type: none"> 1. If he holds 5% or more of the shares of the Company or any other company within its group of companies or is a relative of whoever 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 any company within its group of companies; 3. If he is a relative of any member of the Board of the Company or any other company within its group of companies; 4. If he is a relative of any senior executive of the Company or of any other company within its group of companies; 5. If he is a board member of any company within the Company group of companies for which he is nominated to be a Board member. 6. If he is an employee or used to be an employee of the Company, during the past two years, of any party dealing with the Company or any company within its group of companies, such as auditors or main suppliers, or if he, during the past 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 he receives financial consideration from the Company in addition to the remuneration for his membership of the Board or any of its committees; 9. If he engages in a business where he competes with the Company or conducts business in any of the company's activities.
Executive Director	A member of the Board who is a full-time member of the executive management of the Company and participates in its daily activities.
Non-Executive Director	A member of the Board who is not a full-time member of the management of the Company and does not participate in its daily activities.

Executive Management or Senior Executives	Persons responsible for managing the daily operations of the Company and proposing and implementing strategic decisions, such as the Chief Executive Officer (CEO) and his delegates, and the Chief Financial Officer (CFO).
Relatives	Fathers, mothers, grandfathers, and grandmothers (and their ancestors), children and grandchildren (and their descendants), siblings, maternal and paternal half-siblings, and husbands and wives.
Related Parties	<ol style="list-style-type: none"> 1. Substantial shareholders of the Company; 2. Board members of the Company or any of its affiliates and their relatives; 3. Senior executives of the Company or any of its affiliates and their relatives; 4. Board members and senior executives of key shareholders of the Company; 5. Entities, other than companies, owned by a Board member or a senior executive or their relatives; 6. Companies in which a Board member or a senior executive or any of their relatives is a partner; 7. Companies in which a Board member, a senior executive, or any of their relatives is a member of its Board of directors or is one of its senior executives; 8. Joint-stock companies in which a member of the Board, a senior executive, or any of their relatives owns five percent (5%) or more; 9. Companies in which a Board member, a senior executive, or any of their relatives has influence on their decisions even if only by giving advice or guidance; 10. Any person whose advice or guidance influence the decisions of the Company, the Board, and the Senior Executives; 11. Holding companies or affiliates; <p>(Advice or guidance provided on a professional basis by a person licensed to do so shall be excluded from the provisions of paragraphs 9 and 10 of the present Definition.)</p>
Indirect Interest	<p>Indirect interest means works and contracts carried out for the Company and may achieve financial or non-financial benefits for the following categories (including but not limited to):</p> <ol style="list-style-type: none"> 1. Relatives of the Board member. 2. The legal person that the Board member represents. 3. General partnership, limited partnership, or limited liability companies in which a Board member or any of their relatives is a partner or director. 4. Entities or companies in which a Board member or any of his relatives is a member of its Board of directors or is one of its senior executives, excluding company employees. 5. Entities (other than companies) owned or managed by a Board member or any of his relatives. 6. Joint-stock companies in which a Board member or any of his relatives (jointly or separately) own 5% or more of their total shares.

Person	Any natural or legal person that is recognized as such under the laws of the KSA.
Affiliate	Any person that directly or indirectly controls, is controlled by, or is under common control by a third person.
Stakeholder	Any person who has an interest in the Company, including employees, creditors, customers, suppliers, and the community.
Key Shareholder	Any person who owns five percent (5%) or more of the shares of the Company or voting rights therein.
Controlling Interest	The ability to influence the actions or decisions of another person directly, indirectly, individually, or collectively with a relative or an affiliate by: 1. Owning 30% or more of the voting rights in a company; 2. Having the right to appoint 30% or more of the administrative team members.
Competitive Business	Participating in any business that would compete with the Company or with any of the branches of its activity, including the following: 1. A member of the Board establishes a company or a sole proprietorship or owns an influential percentage of shares or stakes in another company or entity that engages in an activity similar to that of the Company or its group. 2. Accepting the membership of the board of directors of a company or entity that competes with the Company or its group, or assuming the management of a competing sole proprietorship or a competing company in any form (except for the Company's affiliates). 3. A member of the Board obtains a commercial agency or the like, whether explicit or implicit, for another company or entity competing with the Company or its group.
Administrative Team	A group of individuals who make strategic decisions. The Board is considered the Company's Administrative Team.
Cumulative Voting	A method of voting for electing Board members, which 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.
Remunerations	Amounts, allowances, dividends 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.
Day	Calendar day, whether a business day or not.
Business Day	Any day other than state-approved official holidays officially and weekends.

Part 2
Shareholders

Introduction

The Regulations mainly target taking care of the rights of shareholders, activating their role, facilitating the fair and transparent exercise of their rights in the Company, and organizing their meetings and decision-making mechanism.

1. General Rights of Shareholders

1.1 Fair Treatment of Shareholders

- 1.1.1 The Board must seek shareholders' rights protection to ensure fairness and equality among them.
- 2.1.1 The Board and the executive management of the Company must not discriminate among shareholders who own the same class of shares nor prevent them from accessing any of their rights.
- 3.1.1 The Company's statute and by-laws have adopted the procedures and precautions that are necessary to guarantee that all shareholders exercise their rights.

2.1 Rights Related to Shares

All rights related to shares shall be guaranteed to the shareholder, in particular:

- 1.2.1 Obtaining his share of the net profits to be distributed in cash or through the issuance of shares.
- 2.2.1 Obtaining his share of the Company's assets upon liquidation.
- 3.2.1 Attending the general or special shareholders' assemblies, taking part in their deliberations, and voting on their decisions.
- 4.2.1 Disposing of his shares in accordance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
- 5.2.1 Inquiring and requesting viewing 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, the Capital Market Law, and their implementing regulations.
- 6.2.1 Monitoring the performance of the Company and the activities of the Board.
- 7.2.1 Holding Board members accountable, filing liability lawsuits against them, and appealing for nullification of the resolutions of the general and special shareholders' assemblies in accordance with the conditions and restrictions stipulated in the Companies Law and the statute of the Company.
- 8.2.1 Preemptive rights to subscribe for new shares issued in exchange for cash unless the Extraordinary General Assembly suspends the preemptive rights - if specified in the Company's statute - are per Article 140 of the Companies Law.
- 9.2.1 Recording his shares in the Company's shareholders register.
- 10.2.1 Requesting to view a copy of the Company's articles of association and statute unless the Company publishes them on its website.
- 11.2.1 Nominating and electing Board members.

3.1 Shareholder Access to Information

- 1.3.1 The Board shall make available complete, clear, accurate, and non-misleading information to enable the shareholder to properly exercise his rights. Such information shall be provided at the proper time and shall be updated regularly.
- 2.3.1 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.

- 3.3.1 The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among them in respect of providing information.
- 4.3.1 Shareholders may request information related to the Company, in a manner that does not harm the interest of the Company and does not conflict with the Companies Law and its Implementing Regulations. Every shareholder is entitled to discuss matters listed on the agenda of the General Assembly and raise relevant questions to the Board members and to the auditor. The Board or the auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest. If the shareholder finds that the answer to his question is not convincing, he may resort to the Assembly whose decision in this regard is effective.
- 5.3.1 The items presented to the General Assembly must be accompanied by sufficient information to enable the shareholders to make their decisions. The shareholder must be able to access the minutes of the General Assembly meeting.

4.1 Communicating with Shareholders

- 1.4.1 The Board shall ensure that communication between the Company and the shareholders is based on the common understanding of the strategic objectives and interests of the Company.
- 2.4.1 The chairman of the Board shall inform the remaining Board members of the opinions of the shareholders and discuss these opinions with them.
- 3.4.1 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 executive management or unless his intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Companies Law.

2. General Shareholders Assemblies

A duly-represented General Assembly represents all shareholders in the Company. Every shareholder may attend the General Assembly meetings or delegate someone from outside the Company Board or employees to attend General Assembly meetings on his behalf.

1.2 Invitation to Assembly Meetings

- 1.1.2 Meetings of the Ordinary or Special General Assemblies shall be convened at an invitation by the Board. The Board may also convene the Ordinary General Assembly upon the request of the auditor, the Audit Committee, or a number of shareholders holding shares equal to at least five percent (5%) of the share capital of the Company.
- 2.1.2 The invitation to convene is sent at least twenty-one days prior to the date thereof. The invitation to convene may be addressed according to the aforementioned date to all shareholders by registered mail or by using methods of contemporary technologies. A copy of the invitation and the agenda shall be sent to the Ministry.

2.2 Agenda of the General Assembly

- 1.2.2 When preparing the General Assembly's agenda, the Board must take into consideration the items that the shareholders wish to include. Shareholders holding no less than five percent (5%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation.
- 2.2.2 The Board must separate each of the items listed in the agenda of the General Assembly meeting as an independent item. It may not combine significantly different items under one item and may not 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.

- 3.2.2 The Company may amend the agenda of the General Assembly in the period between the publication of the announcement and the date of the General Assembly meeting, provided that the Company duly declares this.

3. Ordinary General Assembly of Shareholders

1.3 Dates and Invitation of the Ordinary General Assembly of Shareholders

The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year. Other ordinary assemblies may also be convened as needed.

Meetings of the Ordinary General Assemblies of shareholders shall be convened at an invitation by the Board. The Board may also convene the Ordinary General Assembly upon the request of the auditor, the Audit Committee, or a number of shareholders holding shares equal to at least five percent (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.

2.3 Competencies of the Ordinary General Assembly

Except for the competencies reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in all affairs of the Company, in particular:

- 1.2.3 Appointing and dismissing Board members.
- 2.2.3 Authorizing a Board member to have a direct or indirect interest in the businesses and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and its Implementing Regulations.
- 3.2.3 Authorizing a Board member to take part in any activity that may compete with the Company or compete in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations.
- 4.2.3 Monitoring the compliance of the Board members with the provisions of the Companies Law, its Implementing Regulations, other relevant laws, and the Company's statute, inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the Company affairs, determining the liability resulting therefrom, and undertaking the procedures it deems proper in this regard in compliance with the Companies Law and its Implementing Regulations.
- 5.2.3 Forming the Audit Committee in compliance with the provisions of the Companies Law and its Implementing Regulations.
- 6.2.3 Approving the Company's financial statements.
- 7.2.3 Approving the report of the Board.
- 8.2.3 Deciding on the proposals of the Board with respect to the method of distributing the net profits.
- 9.2.3 Appointing the external auditors of the Company, specifying their remunerations, reappointing them, replacing them, and approving their reports.
- 10.2.3 Looking into the violations and errors committed by the Company auditors when performing their duties and any difficulties, reported by the Company auditors, regarding their 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 taking such actions as it deems appropriate in this regard.
- 11.2.3 Withholding from setting aside statutory reserve when it reaches an amount equal to 30% of the Company's paid share capital and distributing the surplus of such percentage to the Company's shareholders in fiscal years where the Company does not generate net profits;
- 12.2.3 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 used in ways that benefit the Company or the shareholders.

- 13.2.3 Forming other reserves for the Company, besides the statutory reserve and consensual reserve, and disposing thereof.
- 14.2.3 Deducting amounts from the Company's net profits to establish social organizations for the Company's employees or to support such existing organizations in compliance with the Companies Law.
- 15.2.3 Approving the sale of more than (50%) of the Company assets, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling such assets comprises what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required.

3.3 Quorum of the Ordinary General Assembly

A meeting of the Ordinary General Assembly shall be valid only if attended by shareholders representing at least 25% of the capital. If such quorum is not present in the first meeting, an invitation to convene a second meeting within thirty (30) days following the previous meeting shall be made. However, the second meeting may be convened one hour after the end of the period set for the first meeting and the invitation for the first meeting must include announcing the possibility of holding such meeting. The second meeting shall be valid regardless of the number of shares represented therein.

4.3 Management of the Ordinary General Assembly of Shareholders

- 1.4.3 The General Assembly meetings of shareholders shall be chaired by the Chairman of the Board, his deputy if the chairman is absent, or whoever is delegated by the Board of its members, when the chairman and his deputy are absent. The Chairman shall appoint a secretary or vote clerk to the meeting.
- 2.4.3 The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using modern technologies pursuant to the controls set by the competent entity.
- 3.4.3 Votes in the Ordinary General Assembly are calculated on the basis of one vote per share.
- 4.4.3 Board members may not participate in voting on the General Assembly resolutions related to discharging their liability for the management of the Company or matters of direct or indirect interest to them.
- 5.4.3 Voting is a fundamental right of the shareholder that cannot be revoked in any way. The Company should avoid putting in place any procedure that might restrict the use of the right to vote. Exercising the right to vote must be facilitated for the shareholder.

5.3 Resolutions and Minutes of the Ordinary General Assembly of Shareholders

Resolutions of the Ordinary General Assembly shall be passed by the absolute majority of the shares represented at the meeting. Minutes of meeting shall be prepared for the meeting, including the number of the shareholders present in person or by proxy, the number of shares held by each member in person or by proxy, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions, and a comprehensive summary of the discussions that took place at the meeting. Such minutes of meeting shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, his secretary, and the vote clerk.

4. Extraordinary General Assembly of Shareholders

1.4 Dates and Invitation of the Extraordinary General Assembly of Shareholders

Meetings of the Extraordinary General Assemblies of shareholders shall be convened at an invitation by the Board. The Board may also convene the Extraordinary General Assembly upon the request of the auditor, the Audit Committee, or a number of shareholders holding shares equal to at least five percent (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.

The Extraordinary General Assembly meetings of shareholders shall be chaired by the Chairman of the Board, his deputy if the chairman is absent, or whoever is delegated by the Board of its members, when the chairman and his deputy are absent. The Chairman shall appoint a secretary or vote clerk to the meeting.

2.4 Competencies of the Extraordinary General Assembly

- 1.2.4 Amending the Company's statute, except for amendments which are deemed null and void by virtue of the provisions of the Companies Law.
- 2.2.4 Increasing the Company's capital in accordance with the conditions set in the Companies Law and its Implementing Regulations.
- 3.2.4 Decreasing the Company's capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the conditions set in the Companies Law and its Implementing Regulations.
- 4.2.4 Resolving to form a consensual reserve for the Company as provided for in its statute to be set aside for a specific purpose, and disposing thereof.
- 5.2.4 Resolving to maintain or liquidate the Company before the end of the term specified in its statute.
- 6.2.4 Approving the Company's shares buyback.
- 7.2.4 Issuing preferred shares, approving their purchase, converting ordinary shares into preferred shares, or converting preferred shares into ordinary shares as per the Company's statute and the regulatory rules and procedures issued pursuant to the Companies Law related to Listed Joint-Stock Companies.
- 8.2.4 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.
- 9.2.4 Allocating shares issued upon capital increase or part of thereof for the employees of the Company, its affiliates or some of them, or any thereof.
- 10.2.4 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 requiring that the absolute majority of shares be represented at the meeting.

3.4 Quorum

A meeting of the Extraordinary General Assembly shall be valid only if attended by shareholders representing at least 50% of the capital. If such quorum is not present in the first meeting, an invitation to convene a second meeting shall be made. The second meeting may be convened one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting includes announcing the possibility of holding such meeting. The second meeting shall be valid if attended by shareholders representing at least 25% of the capital. If such quorum is not present in the second meeting, an invitation to convene a third meeting shall be made. The third meeting shall be valid regardless of the number of shares represented therein, following the approval of the competent entities.

4.4 Management of the Extraordinary General Assembly of Shareholders

- 1.4.4 The Extraordinary General Assembly meetings of shareholders shall be chaired by the Chairman of the Board, his deputy if the chairman is absent, or whoever is delegated by the Board of its members, when the chairman and his deputy are absent. The Chairman shall appoint a secretary or vote clerk to the meeting.
- 2.4.4 The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using modern technologies pursuant to the controls set by the competent entity.
- 3.4.4 Votes in the Extraordinary General Assembly are calculated on the basis of one vote per share. Voting is a fundamental right of the shareholder that cannot be revoked in any way. The Company should avoid putting in

place any procedure that might restrict the use of the right to vote. Exercising the right to vote must be facilitated for the shareholder.

5.4 Resolutions and Minutes of the Extraordinary General Assembly of Shareholders

Resolutions of the Extraordinary General Assembly shall be passed by one-third of the shares represented at the meeting unless the resolution is related to reducing or increasing the Company's capital, extending the Company's term, liquidating the Company before the end of the term specified in its statute, or merging the Company into another company or institution. In such cases, the resolution shall not be valid if issued by a majority of 75% of the shares represented in the meeting.

Minutes of meeting shall be prepared for the meeting, including the number of the shareholders present in person or by proxy, the number of shares held by each member in person or by proxy, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions, and a comprehensive summary of the discussions that took place at the meeting. Such minutes of meeting shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, his secretary, and the vote clerk.

Part 3
Board of Directors

Introduction

The Company's Board is the supreme authority in the Company responsible for developing comprehensive policies, plans, and strategies, and their main objectives, as well as directing, controlling, and supervising the performance of all departments in the Company, and proposing appropriate decisions on items and work that fall within the powers of the General Assembly of shareholders.

1. Formation of the Board

In accordance with the provisions of the Companies Law, the Company's General Assembly shall appoint the Board members provided that such number is not less than three and not more than eleven, and the term of their appointment does not exceed three years with the possibility of renewal for all or some of the members. Accordingly, the General Assembly appointed nine members for the Company Board.

When appointing directors, the General Assembly must take the following into account:

- 1.1 The majority of the Board members shall be non-executive directors.
- 2.1 The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.
- 3.1 The Board shall be composed of persons with sufficient qualifications and experience to enable them to carry out their duties to the fullest.
- 4.1 It is prohibited to appoint the Chief Executive Officer as the chairman of the Board, during the first year following the end of his service.

The concerned entities shall be notified of the names of the Board members, their membership descriptions, and the amendments thereto from time to time, according to the mechanism stipulated in the Law.

2. Election of Board Members

The General Assembly of shareholders shall appoint the Company's Board and may seek the assistance of the Nominations and Remunerations Committee to nominate members to fill vacancies in accordance with the following conditions:

- 1.2 The candidate submits a letter to the Company management that introduces the candidate in terms of his resume, qualifications, and experience in the field of the Company's business, noting that a clear copy of the candidate's ID card and contact numbers are attached to the application.
- 2.2 A candidate who has previously served on the board of directors of a joint-stock company must indicate the number and dates of the boards of directors of the companies in which he has served or is still serving, as well as state the companies or institutions of which he participates in the management or ownership and that carry out similar activities to that of the Company.
- 3.2 The candidate who has previously served as a member of the Company's Board must attach with the application a statement from the Company's management on the last term he served as a member of the Board, including the following information:
 - 1.3.2 The number of Board meetings held during every year of the term, the number of meetings attended by the member in person, and the percentage of his attendance to the total number of meetings.
 - 2.3.2 The standing committees in which the member participated, the number of meetings held by each of said committees every year of the term, the number of meetings he attended, and the percentage of his attendance to the total number of meetings.
 - 3.3.2 A summary of the financial results achieved by the Company during every year of the term.
 - 4.3.2 The candidate shall disclose to the Board and the General Assembly any conflict of interest cases in accordance with the adopted procedures, including:

- 1.4.3.2 Having a direct or indirect interest in the businesses and contracts executed for the Company in which he desires to be nominated to the Board.
- 2.4.3.2 Engaging in a business that would compete with the Company or any of the branches of its activities.
- 3.4.3.2 Any other form of conflict of interest.

3. Board Members Selection Criteria

When electing Board members, the General Assembly must take into account the capabilities and qualifications required for membership in the Board, including determining the time that the member must allocate for the work of the Board. It must also take into account, when electing Board members, the recommendations of the Nominations and Remunerations Committee and the availability of the personal and professional components necessary to effectively perform their tasks. The Nominations and Remunerations Committee is responsible for balancing the criteria required for the membership of the Board, as candidates for membership of the Board are selected based on the following criteria:

1.3 Skills and Expertise

- 1.1.3 Having served on the boards of directors of companies before, preferably joint-stock companies listed on the Saudi Stock Exchange.
- 2.1.3 Experienced in one of the financial, economic, investment, and administrative fields, preferably with experience in areas related to the nature of the Company's activity.

2.3 General Qualifications

- 1.2.3 Ability to lead
- 2.2.3 Competency
- 3.2.3 Ability to guide
- 4.2.3 Financial knowledge
- 5.2.3 Physical fitness
- 6.2.3 Ability to understand the nature of the business of large companies.
- 7.2.3 Ability and desire to spend time and effort to be an efficient and active board member.

3.3 Time Allocated by the Director for Board Work

The Board member must make every effort to attend Board meetings and any other meetings.

In the event that the list of candidates submitted to the Company is incomplete, the Board is entitled to add candidates by submitting nomination documents for membership in the Board by email to the Board secretary, by registered mail at the address of the Company's headquarters addressed to the Board secretary, or by direct delivery to the Board secretary and obtain a receipt document. The Board, through the Nominations and Remunerations Committee, shall review the submitted nominations and select the candidates to be included in the list.

4. Termination of a Board Membership

The Board membership shall be terminated upon the expiry of its term or if a Board member quits or dies, or is convicted of a crime involving breach of honor and trust, is judged bankrupt, made arrangements or reconciliation with his creditors, or becomes unfit for Board membership in compliance with any applicable laws or rules in the KSA. If the office of the Board member becomes vacant during the year, the Board may appoint a new experienced and efficient member to fill the vacancy, provided that such appointment is temporary until its approval on the first session of the Ordinary General Assembly. The term of the office of the new member shall only extend to the term of his predecessor.

If the number of Board members does not attain the quorum needed for its meeting to be valid, the Ordinary General Assembly must convene as soon as possible to appoint the required number of Directors.

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 for an unacceptable reason or at an inappropriate time.

The General Assembly may also, based on a recommendation from the Board, terminate the membership of the member who misses three consecutive Board meetings without a legitimate excuse.

If a Board member resigns and has comments on the performance of the Company, he must submit a written statement to the chairman of the Board and such statement must be presented to the Board members.

5. Responsibility of the Board

- 1.5 The Board represents all shareholders. It must perform its duties of care and loyalty in managing the Company, undertake all actions in the general interest of the Company, develop it, and maximize its value.
- 2.5 The Board is responsible for the Company's business even if it delegates some of its powers to committees, entities, or individuals. In any case, the Board may not issue a general or an open-ended delegation.
- 3.5 The Board of Directors may, within the limits of its powers, delegate one or more of its members, committees, or others to carry out certain business(es).
- 4.5 The Board shall organize its work and allocate sufficient time to carry out the tasks and responsibilities assigned thereto, including preparing for Board and committees meetings and ensuring the coordination, recording, and retaining of the minutes of its meetings.
- 5.5 The Board shall annually evaluate the extent of the director's independence and ensure that there are no relationships or circumstances that affect or may affect his independence

6. Main Functions of the Board

Without prejudice to the competencies of the General Assembly as per the Companies Law, its Implementing Regulations, and the Company's statute, the Board shall have the broadest powers in managing the Company and guiding its work to achieve its objectives. The main tasks and competencies of the Board include the following:

- 1.6 Developing the plans, policies, strategies, and key objectives of the Company; supervising their implementation, reviewing them periodically, and ensuring that the human and financial resources required to achieve them are available, including:
 - 1.1.6 Setting, reviewing, and guiding a comprehensive strategy for the Company, key business plans, and risk management policies and mechanisms.
 - 2.1.6 Determining the optimal capital structure for the Company, and its strategies and financial objectives, and approving all kinds of estimated budgets.
 - 3.1.6 Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
 - 4.1.6 Setting performance objectives and monitoring the implementation thereof and the overall performance of the Company.
 - 5.1.6 Reviewing and approving the organizational and functional structures of the Company on a periodic basis.
 - 6.1.6 Ensuring the availability of financial and human resources required for achieving the objectives and key plans of the Company.
- 2.6 Developing and general overseeing procedures and rules for internal control, including:
 - 1.2.6 Developing a written policy to address actual and potential conflicts 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.
 - 2.2.6 Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.

- 3.2.6 Ensuring the implementation of appropriate control procedures for risk control and management by developing a general forecast of the risks that the Company may encounter, creating an environment that is aware of the culture of risk management at the Company level, and disclosing such risks transparently to the stakeholders and parties related to the Company.
- 4.2.6 Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
- 5.2.6 Developing clear and specific policies, standards, and procedures for membership in the Board and implementing them following approval by the General Assembly.
- 6.2.6 Developing written policies that regulate the relationship with stakeholders as per the provisions of the present Regulations.
- 7.2.6 Developing policies and procedures to ensure the Company's compliance with the laws and regulations and its commitment to disclose material information to shareholders and stakeholders, and ensuring the compliance of the executive management therewith.
- 8.2.6 Supervising the Company's financial management, cash flows, and financial and credit relations with third parties.
- 3.6 Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
 - 1.3.6 Increasing or decreasing the capital of the Company.
 - 2.3.6 Liquidating the Company before the end of the term specified in its statute or deciding its continuity.
- 4.6 Providing recommendations to the Ordinary General Assembly as to what it deems appropriate regarding the following:
 - 1.4.6 Using the consensual reserve of the Company, if formed by the Extraordinary General Assembly and set aside for a specific purpose.
 - 2.4.6 Forming additional reserves or financial allocations for the Company.
 - 3.4.6 The method of distributing the net profits of the Company.
 - 4.4.6 Preparing the Company's interim and annual financial statements and approving them prior to publication.
 - 5.4.6 Preparing the report of the Board and approving it prior to publication.
 - 6.4.6 Ensuring the accuracy and integrity of the data and information which must be disclosed as per the applicable disclosure and transparency policies and laws.
 - 7.4.6 Establishing effective communication channels that allow shareholders to continuously and periodically review the various aspects of the Company's activities and any material developments.
 - 8.4.6 Forming specialized committees emanating from the Board by virtue of resolutions that specify the term, powers, and responsibilities of such committees, as well as the manner by which the Board monitors such committees. Such resolution shall also specify the names of the members and their duties, rights, and obligations and shall evaluate the performance and work of said committees and their members.
 - 9.4.6 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 the regulatory rules and procedures issued pursuant to the Companies Law on listed joint-stock companies.
 - 10.4.6 Setting the values and standards that govern the work at the Company.

7. Distribution of Competencies and Duties

The organizational structure of the Company shall specify the competencies and distribute the tasks between the Board and the executive management in accordance with the best practices in Corporate Governance, in order to improve the efficiency of the Company's decision-making and achieve a balance of powers and authorities across the Board and the executive management. In order to do so, the Board shall:

- Approve and develop internal policies related to the Company's business, including specifying the tasks, competencies, and responsibilities assigned to the various organizational levels.
- Approve a written and detailed policy that specifies the powers delegated to the executive management, a matrix showing said powers, means of implementation, and the period of delegation. The Board may request the executive management to submit periodic reports on its exercise of such delegated powers.
- Identify the topics on which the Board reserves the power to decide.

1.7 Separation of Positions

- 1.1.7 Without prejudice to the provisions of the Company's statute, The Board shall appoint, of its members, a chairman and a vice-chairman, and may appoint a managing director.
- 2.1.7 It is prohibited to hold, at the same time, the position of chairman of the Board and any executive position in the Company, including the positions of the managing director, Chief Executive Officer, or general manager, even if the Company's statute stipulates otherwise.
- 3.1.7 The Board must define the competencies and responsibilities of the chairman, vice-chairman, and managing director (if any) clearly and in writing, if the Company's statute has no reference thereto.
- 4.1.7 In all cases, no person may have the absolute power to take decisions in the Company.

2.7 Formation and Supervision of the Executive Management

- 1.2.7 The Board shall form the executive management of the Company, organize its work, monitor and supervise it, and ensure that it performs the duties assigned thereto. To achieve this, the Board shall:
- 2.2.7 Develop the necessary administrative and financial policies.
- 3.2.7 Ensure that the executive management is operating according to the policies approved by the Board.
- 4.2.7 Select and appoint the CEO of the Company and supervise his work.
- 5.2.7 Appoint, dismiss, and determine the remuneration of the head of the internal audit unit or department or the internal auditor.
- 6.2.7 Hold periodic meetings with the executive management to explore work progress and encountered obstacles and problems, as well as review and discuss the important information in respect of the Company's activity.
- 7.2.7 Develop standards for the performance of the executive management in line with the objectives and strategy of the Company.
- 8.2.7 Review and evaluate the performance of the executive management.
- 9.2.7 Develop succession plans for the Company's management.

3.7 Competencies and Tasks of the Executive Management

Without prejudice to the competencies entrusted to the Board as per the provisions of the Companies Law and its Implementing Regulations, the executive management shall be responsible for implementing the plans, policies, strategies, and key objectives of the Company to achieve its purposes. The competencies and tasks of the executive management shall include the following:

- 1.3.7 Implementing the Company's internal policies and regulations set by the Board.
- 2.3.7 Proposing and implementing a comprehensive strategy for the Company, in addition to key and interim action plans, investment policies and mechanisms, financing, risk management, and emergency administrative circumstances management plans.
- 3.3.7 Proposing the optimal capital structure of the Company and its strategies and financial objectives.
- 4.3.7 Proposing the main capital expenditures of the Company and acquiring and disposing of assets.

5.3.7 Proposing the organizational and functional structures of the Company and presenting them to the Board for approval.

6.3.7 Implementing and supervising internal control procedures and rules, including:

1.6.3.7 Implementing the conflict of interest policy.

2.6.3.7 Correctly applying the financial and accounting rules, including the rules relating to the preparation of financial reports.

3.6.3.7 Implementing appropriate control procedures for risk control and management by developing a general forecast of the risks that the Company may encounter, creating an environment that is aware of the culture of risk mitigation at the Company level, and disclosing such risks transparently to the Company's Board and other stakeholders.

4.6.3.7 Effectively implementing the Company's governance rules and proposing amendments when needed.

5.6.3.7 Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its commitment to disclose material information to shareholders and stakeholders.

The CEO must carry out his duties with devotion to the fullest extent in order to achieve the interests of the Company and all its shareholders, and not for the interest of a certain group thereof. The CEO and his senior executives shall refrain from participating in any work that may cause a conflict of interest with the Company. In the event of such an occurrence, the CEO and his senior executives shall disclose said conflict to the Board, as per the policies set by the Company in this regard.

4.7 Providing the Board with the Necessary Information to Exercise Its Powers and Make Recommendations Regarding the Following:

1.4.7 Increasing or decreasing the capital of the Company.

2.4.7 Liquidating the Company before the end of the term specified in its statute or deciding its continuity.

3.4.7 Using the consensual reserve of the Company.

4.4.7 Forming additional reserves for the company.

5.4.7 The method of distributing the net profits of the Company.

6.4.7 Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, performance-related remunerations, and remunerations in the form of shares.

7.4.7 Preparing periodic financial and non-financial reports on the progress achieved in the activity of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board.

8.4.7 Managing the daily business and activity of the Company, in addition to managing its resources optimally and in line with the objectives and strategies of the Company.

9.4.7 Actively participating in building and developing a culture of ethical values within the Company.

10.4.7 Implementing internal control and risk management systems, verifying the effectiveness and adequacy of said systems, and ensuring compliance with the Board's approved risk level.

11.4.7 Proposing and developing internal policies related to the Company's business, including specifying the tasks, competencies, and responsibilities assigned to the various organizational levels.

12.4.7 Proposing a clear policy to delegate tasks to the executive management and the method for implementing it.

13.4.7 Proposing the powers to be delegated to the executive management, the decision-making procedures, and the delegation period, provided that it presents periodic reports to the Board on its exercise of such powers.

8. Competencies and Tasks of the Chairman of the Board

In addition to the required powers and authorities and the tasks specified in the Company's statute, and without prejudice to the competencies of the Board, the chairman of the Board shall be responsible for leading the Board and supervising its work and the effective performance of its tasks. The tasks and competencies of the chairman of the Board shall particularly include the following:

- 1.8 Ensuring that the Board members have access to complete, clear, accurate, and non-misleading information in due course.
- 2.8 Ensuring that the Board effectively discusses all fundamental issues in due course.
- 3.8 Representing the Company before third parties in accordance with the Companies Law, its Implementing Regulations, and the Company's statute.
- 4.8 Encouraging the Board members to effectively perform their duties so as to achieve the interests of the Company.
- 5.8 Ensuring that effective communication channels are established with shareholders and conveying their opinions to the Board.
- 6.8 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.
- 7.8 Approving agendas of the Board meetings, taking into consideration any matters raised by a Board member or auditor, and consulting with the Board members and the Chief Executive Officer when preparing the Board's agenda.
- 8.8 Holding periodic meetings with the non-executive directors without the presence of any executive officers of the Company.
- 9.8 Notifying the Ordinary General Assembly while convening of the work and contracts in which a Board member has a direct or indirect interest, provided that the notification includes 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, and said concerned member must abstain from voting on any decision issued in connection therewith, in accordance with the provisions of the Companies Law and its Implementing Regulations. The present notification shall be accompanied by a special report of the Company's external auditor.

9. Tasks and Duties of the Board Members

Each member of the Board shall - as a Board member - perform the following tasks and duties:

- 1.9 Submitting proposals to develop the Company's strategy.
- 2.9 Monitoring the performance of the executive management and the extent to which it has achieved the Company's objectives and purposes.
- 3.9 Reviewing reports on the Company's performance.
- 4.9 Ensuring the integrity and impartiality of the financial statements and information of the Company.
- 5.9 Ensuring that the financial control and risk management systems of the Company are sound.
- 6.9 Determining the appropriate level of remunerations for the members of the executive management.
- 7.9 Expressing opinions as to the appointment and dismissal of members of the executive management.
- 8.9 Participating in developing the succession and replacement plans of executive positions of the Company.
- 9.9 Fully complying with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant laws, and the statute when performing his duties as a member of the Board, and abstaining from taking or participating in any action that constitutes mismanagement of the Company's affairs.
- 10.9 Attending the Board and the General Assembly meetings and refraining from being absent except for a legitimate excuse notified to the chairman of the Board in advance or for emergency reason

- 11.9 Allocating sufficient time to carry out his responsibilities and prepare for the Board and committees meetings and effectively participating therein, including raising relevant questions and carrying discussions with the senior executives.
- 12.9 Studying and analyzing all information related to the topics looked into by the Board before expressing an opinion thereon.
- 13.9 Enabling other Board members to express their opinions freely and encouraging the Board to deliberate on the topics and obtain the views of the competent members of the Company's executive management and others, when necessary.
- 14.9 Notifying the Board fully and immediately of any interest - either direct or indirect - about the work and contracts carried out for the Company's account. Said 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 said interest whether financial or non-financial. Said concerned member shall abstain from voting on any decisions issued in connection therewith, as per the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
- 15.9 Notifying the Board fully and immediately of his participation - either directly or indirectly - in any businesses that may compete with the Company or lead to competing with the Company - either directly or indirectly - in any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
- 16.9 Refraining from releasing or disclosing any secrets he came across through his membership on the Board to any shareholder of the Company - unless such disclosure is made during the meetings of the General Assembly - or to a third party, as per the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
- 17.9 Working 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.
- 18.9 Understanding his duties, roles, and responsibilities arising from the membership.
- 19.9 Developing his knowledge in the field of the Company's activities and work and in the related financial, commercial, and industrial fields.

10. Tasks of the Independent Director

Without prejudice to tasks and duties of the Board members stipulated in the present Regulations, the Independent Director of the Board must effectively participate in the following tasks:

- 1.10 Expressing his independent opinion on strategic issues and the Company's policies and performance and appointing members of the executive management.
- 2.10 Ensuring that the interest of the Company and its shareholders are taken into account and prioritized in case of any conflicts of interest.
- 3.10 Supervising the development of the Company's corporate governance rules and monitoring the implementation of the rules by the executive management.
- 4.10 Ensuring attendance in all Board meetings in which important and substantial decisions affecting the Company's position are made.

11. Principles of Board Members

Each member of the Board shall abide by the principles of truthfulness, honesty, loyalty, and care for the interests of the Company and its shareholders, and prioritize their interests over his personal interests. This shall particularly include the following:

Truthfulness:

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

Loyalty:

Loyalty is achieved when the Board member avoids transactions that may entail conflicts of interest, ensures fairness of dealing, and complies with the provisions relating to conflicts of interest in the present Regulations.

Care:

Care is achieved by carrying out the duties and responsibilities set forth in the Companies Law, the Capital Market Law, their implementing regulations, the Company's statute, and other relevant laws.

12. The Secretary of the Board

The Board shall appoint a secretary, whether from its members or a third party, and specify his remunerations. The secretary of the Board may only be dismissed by virtue of a resolution issued by the Board.

1.12 Conditions for Selecting the Secretary of the Board:

- 1.1.12 The secretary should hold a bachelor's degree in law, finance, accounting, or administration or their equivalent, and have relevant practical experience of not less than three years; or
- 2.1.12 The secretary should have relevant practical experience of not less than five years.

2.12 Tasks of the Board Secretary:

In addition to the other tasks assigned to the secretary by the Board, the secretary's tasks shall include the following:

- 1.2.12 Supervising the meeting procedures.
- 2.2.12 Ensuring the quorum of the meeting is reached as per the applicable laws during the course of the work of the Board.
- 3.2.12 Ensuring the implementation of the statutory procedures regarding holding and conducting meetings, especially with regard to voting and decision-making.
- 4.2.12 Ensuring the dominance of the principles of equality and transparency among Board members in obtaining information.
- 5.2.12 Following up on the implementation of the Board's decisions.
- 6.2.12 Documenting the Board meetings and preparing their minutes that include the discussions and deliberations carried during such meetings, as well as the place, date, and times on which such meetings began and concluded, 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.
- 7.2.12 Retaining the reports submitted to the Board and the reports prepared thereby.
- 8.2.12 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 and requested by any Board member.
- 9.2.12 Notifying the Board members of the dates of the Board's meetings within sufficient time in advance.
- 10.2.12 Presenting the draft minutes to the Board members for their feedback before signing the same.
- 11.2.12 Verifying that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company.
- 12.2.12 Coordinating among Board members.
- 13.2.12 Organizing and periodically updating a special register for the disclosures of the members of the Board and the executive management, in accordance with the disclosures required under the Companies Law.
- 14.2.12 Providing assistance and advice to the Board members.

13. Board Meetings and Resolutions

The Company's Board must allocate sufficient time to perform their responsibilities, including preparing for Board and standing and interim committees meetings and ensuring their attendance.

1.13 Board Meeting Dates

The Board shall meet at least twice a year upon the invitation of its chairman or upon a request from at least two of its members. Meetings are also held when needed.

2.13 Chairing Board Meetings

The Board meetings shall be chaired by the Chairman of the Board, his deputy if the chairman is absent, or whoever is delegated by the Board of its members, when the chairman and his deputy are absent.

3.13 Invitation to Attend Board Meetings

The invitation shall be in writing and may be delivered by hand or sent by post, fax, or email.

4.13 Quorum

The Board meeting shall not be valid unless attended by half of the Board members, provided that the number of attendees is not less than five members. Members may attend by phone or through any other electronic means that allows all members to be heard by all other members. A member of the Board may delegate another member to attend Board meetings. Such delegation must be in accordance with the following controls:

1.4.13 A Board member shall not delegate more than one member to attend the same meeting.

2.4.13 Said delegation must be in writing and for one specific meeting.

3.4.13 The delegate may not vote on resolutions that the law prohibits a delegate from voting thereon.

5.13 The Agenda of Board Meetings

The Chairman of the Board shall consult with the Board members and the CEO when preparing a schedule of topics and works to be presented to the Board. The invitation to the meeting must 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 the necessary documents and information unless circumstances require convening an emergency meeting, the invitation accompanied by the agenda and necessary documents and information may be sent within a period of less than five days.

The Board shall approve the agenda once the Board meeting is convened. Should any member of the Board raise any objection on said agenda, such objection shall be recorded in the minutes of the meeting. Each member of the Board is entitled to propose additional items to the agenda.

6.13 Board Resolutions

Resolutions of the Board shall be issued by a majority of the members present or represented at the meeting. In case of a tie, the chairman of the Board or his delegate shall have the casting vote.

The Board may issue resolutions by submitting them to each of its members separately unless a member submits a written request for convening a meeting of the Board for deliberation of said resolutions. Said resolutions shall be submitted to the Board in the next meeting.

If any member of the Board has any remarks on the performance of the Company or any of the topics presented and which were not resolved in the Board meeting, such remarks must 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 that differs from the Board resolution, such opinion must be recorded in detail in the minutes of the Board meeting.

7.13 Minutes of Board Meetings

The Board secretary shall prepare the minutes of the Board meetings, provided that the minutes contain the following information:

- 1.7.13 The legal name of the Company and the address of its head office.
- 2.7.13 The place, date, and time of the meeting.
- 3.7.13 The members who attended the meeting and its quorum.
- 4.7.13 Topics that have been voted on and the result of said vote.

Accordingly, the Chairman of the Board shall sign the minutes of meetings and be responsible for their validity. All the members who have attended the meeting and the Board secretary shall also sign the minutes. All delegations or authorizations shall also be attached (if any).

14 Training

In coordination with the Nomination and Remuneration Committee, the Company shall provide training programs to Board members to keep them informed of the latest developments related to the development of the Board and its committees.

The company shall offer orientation programs for new members on the nature of the Company's activity and some other important matters that help them carry out their duties.

The Company's CEO shall prepare a program to introduce new Board members to the Company's activities. Said program shall include the following:

- 1.14 Meeting with the CEO to explain the Company's activities, objectives, and strategic plans and presenting the estimated budget for the current year.
- 2.14 Informing the Board member of the Company's financial statements on the Saudi Stock Exchange Tadawul website.
- 3.14 Presenting the new members with a copy of the approved corporate governance regulations.
- 4.14 Arranging a meeting with the Company's compliance and disclosure department to introduce new members to compliance and disclosure requirements.
- 5.14 Providing any other documents requested by new members.

The executive management must provide Board members, non-executive members in particular, and Company committees with complete, clear, accurate, and non-misleading information, data, documents, and records in due course to enable them to perform their duties and tasks.

15. Board Performance Assessment and Review

- 1.15 The Board shall develop on a yearly basis - based on the proposal of the nomination and remuneration committee - the necessary mechanisms to assess the performance of the Board, its members, and committees, and the executive management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management, and the efficiency of the internal control systems, among others, provided that weaknesses and strengths are identified and a solution is proposed to address them in the best interests of the Company.
- 2.15 The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and persons concerned with the assessment.

- 3.15 The performance assessment shall include an assessment of the skills and experiences of the Board and an identification of its weaknesses and strengths. It shall attempt to resolve such weaknesses using available methods, such as nominating competent professionals able to improve the performance of the Board. The performance assessment shall also include an assessment of the work mechanisms of the Board in general.

16. Remuneration of Board Members

The remuneration of Board members consists of annual bonuses, in addition to attendance allowance for meeting sessions, in accordance with the Company's approved remuneration policy.

Part 4
Committees

Introduction

Taking into account the provisions of the principles of governance and their international applications, which are based on separating the supervisory, regulatory, and executive authorities to enhance the functions of each authority or administrative level, ensure responsibility and accountability, and reduce the concentration of powers with a certain administrative level or a specific person, and in line with the modern global management methods, which require the distribution and delegation of powers and the determination of responsibilities without prejudice to the powers and tasks of the companies' boards of directors as they are responsible for supervising, controlling, and guiding implementation, and as stipulated in the Saudi Companies Law of the necessity of forming specialized committees to help companies departments conduct business while maintaining the rights of stakeholders, including shareholders, partners, employees, customers, creditors, and others, the shareholders' assembly and the Board shall form specialized committees in accordance with the following:

1. The need, circumstances, and conditions of the Company to enable it to effectively carry out its tasks.
2. The formation of the committees shall be made in accordance with general procedures developed by the Board. Said procedures shall determine the mission, term, and powers of each committee, and the manner in which the Board monitors them. The committee must inform the Board of its findings, recommendations, or decisions with transparency. The Board must regularly follow up on the work of said committees to ensure they carry out the duties delegated thereto.
3. Each committee shall be responsible before the Board for its work, without prejudice to the Board's responsibility for such work, powers, or authorities that it has delegated to the committee.

Accordingly, the General Assembly and the Board of Retal Urban Development Company have formed certain specialized committees according to specific powers and tasks stipulated in regulations approved by the Assembly or the Board depending on the competence.

Regulations regulating the work of the Audit Committee of Retal Urban Development Company (Saudi Listed Joint-Stock Company)	
Approved by virtue of	Resolution issued by the Ordinary General Assembly of the Company no. 02/2020 dated 07/04/1442 AH - corresponding to 22/11/2020 AD.

Taking into account the provisions of the principles of governance and their international applications, which are based on separating the supervisory, regulatory, and executive authorities to enhance the functions of each authority or administrative level, ensure responsibility and accountability, and reduce the concentration of powers with a certain administrative level or a specific person, and in line with the modern global management methods, which require the distribution and delegation of powers and the determination of responsibilities without prejudice to the powers and tasks of the companies' boards of directors as they are responsible for supervising, controlling, and guiding implementation, as stipulated in the Saudi Companies Law of the necessity of forming specialized committees to help companies departments conduct business while maintaining the rights of stakeholders, including shareholders, partners, employees, customers, creditors, and others, and as per the provisions of Article 37 of the statute of Retal Urban Development Company (Committee Formation) that stipulates: By virtue of a resolution from the Ordinary General Assembly, an Audit Committee shall be established and composed of three members from outside the executive members of the Board, whether from shareholders or others. The resolution shall specify the tasks of the committee, its work controls, and members' remunerations. The Audit Committee for Retal Urban Development Company has been established by virtue of Ordinary General Assembly Resolution no. 02/2020 dated 07/04/1442 AH, corresponding to 22/11/2020 AD for the purposes listed below and according to the powers, responsibilities, tasks, and controls stipulated in the present Regulations.

1. Definitions

The following terms and expressions shall have the meaning assigned thereto, unless the context otherwise requires:

Shareholders' Assembly	The Assembly of shareholders
Company	Retal Urban Development Company
Board	Company's Board of Directors
Committee	The Audit Committee appointed by the Shareholders' Assembly
Chairman	Chairman of the Committee
Member(s)	Committee member(s)
Regulations	Retal Urban Development Company's Audit Committee Regulations
Management	The management of Retal Urban Development Company
Financial Management	Financial management of Retal Urban Development Company
Stakeholders	Shareholders, partners, employees, customers, creditors, etc.

2. Preamble

- 1.2 The present Regulations aim to regulate the work of the Audit Committee, clarify its scope of work and structure, determine its powers, clarify its method of formation, member appointment, and meeting arrangements, and indicate its decision-making mechanism.
- 2.2 The Committee shall assume the powers and functions set out in the present Regulations.

3.2 The Board shall evaluate the Committee's performance periodically and make recommendations to improve its performance.

3. Purpose of the Committee Formation

The Committee has been established to monitor the Company's work, especially with regard to financial, audit, and review aspects. The Committee shall also submit its reports and recommendations periodically to the Board.

4. Committee Formation

1.4 The Company's General Assembly shall issue a resolution to form the Committee and specify the term of membership, its tasks, work methods and controls, members' remuneration, and the mechanism of appointing its members, as per the following:

1.1.4 The Committee shall consist of three to five members, whether shareholders or non-shareholders, from outside the executive members of the Board, including at least one independent director and a specialist in financial and accounting affairs. The Shareholders' Assembly shall issue a resolution to appoint them and specify therein the chairman, the tasks of the Committee, and the remuneration of the members.

2.1.4 The Chairman of the Committee shall be an independent director.

3.1.4 The Shareholders' Assembly may, at its discretion, restructure or abolish the Committee, restrict or increase its powers, or increase, exempt, decrease, or replace its members.

4.1.4 The term of the Committee shall be similar to that of the Board.

5.1.4 If the position of a member of the Committee becomes vacant during the year, the Board may temporarily appoint another member in the vacant position, provided that such appointment is presented to the Ordinary General Assembly at its first meeting and the new member completes the term of his predecessor.

6.1.4 The Shareholders' Assembly shall allocate a remuneration to members for the work of the Audit Committee in accordance with the decisions and instructions issued in this regard.

7.1.4 The Committee shall confirm annually the absence of conflict of interest in the performance of its tasks.

8.1.4 Any person who has worked for the Company's auditor during the preceding two years may not be a member of the Committee. The Chairman of the Board may not be a member of the Committee.

2.4 Secretary of the Audit Committee

A member of the Committee shall be selected to carry out the tasks of the secretary of the Audit Committee. The Committee may appoint a secretary from non-members.

The secretary of the Audit Committee shall be responsible for:

1.2.4 Supervising the meeting procedures.

2.2.4 Ensuring the dominance of the principles of equality and transparency among Committee members.

3.2.4 Following up on the implementation of the Committee's decisions/recommendations.

4.2.4 Carrying out all procedures for holding meetings, as well as their progress and agenda, and keeping records.

5.2.4 Any other work assigned thereto by the Committee.

5 Termination of the Committee Membership

Without prejudice to the provisions of the Board's right, the membership of the members of the Audit Committee shall expire in the following cases:

1.5 If a member of the Committee resigns.

2.5 In the event of the expiry of the Committee's term.

- 3.5 If the member loses the ability to carry out his tasks for any reason.
- 4.5 If the member loses any of the conditions that must be met by the Committee member.
- 5.5 If it is proven that a conflict of interest exists.
- 6.5 If the member misses three consecutive meetings without a legitimate excuse.

6 Tasks of the Chairman

The main responsibilities of the Committee Chairman include:

- 1.6 Overseeing the work of the Committee and ensuring compliance with the Regulations.
- 2.6 Managing and monitoring the work of the Committee.
- 3.6 Being loyal to the interest of the Company while making sure to perform his tasks and exercise his competencies.
- 4.6 Ensuring the integrity of the decisions and recommendations made by the Committee, and that they are based on knowledge and are in the interest of achieving the Company's strategic objectives and plans.
- 5.6 Submitting and following up on the Committee's recommendations.
- 6.6 Signing the minutes of meetings.

7 Tasks and Responsibilities of Members

When carrying out their tasks in the Committee, the members must abide by the following:

- 1.7 Cooperating in achieving the Committee's tasks.
- 2.7 Ensuring attendance and active participation in all Committee meetings. Each member must attend at least two-thirds of the number of meetings held per year.
- 3.7 Being loyal to the interest of the Company while making sure to perform their tasks and exercise their competencies.
- 4.7 Sharing opinions and thoughts responsibly and impartially, taking into account the general interest of the Company.
- 5.7 Disclosing any conflict of interest in any of the topics presented to the Committee.
- 6.7 Signing the minutes of meeting with the Chairman.
- 7.7 Following up on the implementation of the Committee's recommendations, in coordination with the Chairman.

8 Meetings and Attendance

- 1.8 The Committee shall meet at the Company's headquarters or in any other place approved by the majority of the Committee members.
- 2.8 The Committee shall adopt a meeting schedule at the start of each year, provided that at least four meetings are held during the financial year of the Company and provided that the date of the following meeting is agreed upon during each meeting.
- 3.8 The Committee shall hold its meetings at the invitation of the Chairman of the Committee. The invitation is sent to the members with the agenda and documents before the scheduled meeting date for a sufficient period estimated by the Committee Chairman.
- 4.8 The agreed-upon meeting may only be postponed or canceled with the approval of the Chairman of the Committee or based on the request of a majority of members.
- 5.8 The Committee may hold exceptional meetings upon the invitation of its Chairman, or upon a request from two of its members, the Board, or the CEO, provided that the invitation states the reasons for the meeting.
- 6.8 The Chairman shall be responsible for managing the meeting and approving the agenda.
- 7.8 A member of the Committee may not delegate another member to attend.
- 8.8 The Committee may invite whomever it deems appropriate to attend its meetings, provided that this is evidenced in the minutes of meeting, without having the right to vote on the Committee's decisions.
- 9.8 Committee meetings are valid if attended by a majority of its members. Resolutions shall be issued by a majority of the votes present. Each member shall have one vote. In case of a tie, the Chairman shall have the casting vote
- 10.8 Meetings can be conducted online.

- 11.8 The meetings of the Committee shall only be held if attended by a majority of its members, whether attending in person, by phone, or through any other electronic means that allows all members to be heard by all other members.

9 Committee Resolutions

The resolutions of the Audit Committee shall be issued by a majority vote of the attendees. In case of a tie, the chairman of the meeting voted shall have the casting vote. The Committee may issue resolutions by submitting them to each of its members separately unless a member submits a written request for convening a meeting of the Committee for deliberation of said resolutions. Said resolutions shall be submitted to the Audit Committee in the next meeting.

If a conflict arises between the recommendations of the Audit Committee and those of the Board, or if the Board refuses to put the Committee's recommendations into action as to appointing or dismissing the Company's auditor or determining his remuneration, assessing his performance, or appointing the internal auditor, the Board's report shall include the Committee's recommendations, justifications, and the reasons for not following such recommendations

10 Minutes of Meetings

The secretary of the Audit Committee shall prepare the minutes of the meetings, and the minutes shall be signed by all the attending members.

11 Competencies and Responsibilities of the Committee

The Committee shall exercise all the competencies entrusted thereto, submit its reports to the Board, and maintain direct communication channels with it. The competencies of the Committee, under the relevant laws and regulations, shall be as follows:

- 1.11 Monitoring the Company's work and verifying the policies and procedures that ensure the integrity and effectiveness of the reports, financial statements, and internal control systems.
- 2.11 Developing standards for the performance of the financial department in line with the investment objectives and strategy of the Company.
- 3.11 Reviewing and evaluating performance indicators of the financial management.
- 4.11 Ensuring that all departments operate in accordance with the policies approved by the Board.
- 5.11 Reviewing the policies and procedures set by the administration.
- 6.11 Reviewing the social responsibility policy and media plan and submitting the recommendations of the Committee to the Board.
- 7.11 Reviewing the programs of social work initiatives and submitting the recommendations of the Committee to the Board.
- 8.11 Reviewing the CEO's submissions that fall within its field of competence and submitting recommendations to the Board.
- 9.11 Examining the topics referred by the Assembly or the Board to the Committee, or the topics assigned to the Committee.
- 10.11 Other competencies assigned to the Committee by the Board.
- 11.11 The Committee shall submit its oral or written reports and recommendations to the Board periodically.
- 12.11 Financial Reports:
Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency; providing its technical opinion - at the request of the Board - regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy; analyzing any important or non-familiar issues contained in the financial reports; accurately investigating any issues raised by the Company's CFO, any person assuming his tasks, or the Company's compliance officer or auditor; examining the accounting estimates in respect

of significant matters contained in the financial reports; and examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

13.11 Internal Audit:

Examining and reviewing the Company's internal and financial control systems and risk management system; analyzing the internal audit reports and following up on the implementation of the corrective measures of the remarks made therein; monitoring and overseeing the performance and activities of the internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned work and tasks; and providing a recommendation to the Board on appointing the manager of the internal audit department, ensuring its independence, and enabling it to perform its work effectively.

14.11 Auditor:

Providing recommendations to the Board to nominate and dismiss auditors, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts; verifying the independence, objectivity, and fairness of the auditor and the effectiveness of the audit activities, taking into account the relevant rules and standards; reviewing the plan and work of the Company's auditor, ensuring that he does not provide any technical or administrative works that are beyond its scope of work, and providing its opinion thereon; responding to queries of the Company's auditor; and reviewing the auditor's reports and comments on the financial statements, and following up the procedures taken in connection therewith.

15.11 Ensuring Compliance:

Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith; ensuring the Company's compliance with the relevant laws, regulations, policies, and instructions; reviewing the contracts and transactions proposed to be conducted by the Company with related parties and providing its recommendations to the Board in connection therewith to the Board; reporting to the Board any issues in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken; ensuring the effectiveness of the oversight controls and systems of the Company's information systems, ensuring the effectiveness and adequacy of the Company's management information systems and other information technology systems; ensuring the Company's commitment to providing the appropriate general framework and policies for the Company's risk management, aligning risk management activities with the Company's general objectives and policies, and reviewing and assessing key risk activities periodically; and reviewing any legal claims for or against the Company and the possibility of their collection.

12 Powers of the Committee

- 1.12 The Committee shall investigate any matter referred thereto while enjoying full freedom to access all the Company's books, records, facilities, and employees as the Committee may view all data, information, and records related to the business progress, the general strategic plan, the Company's business, and financial management performance reports.
- 2.12 The Committee may seek assistance from legal advisors, accountants, and independent advisors, provided that the Company bears the expenses and fees for this purpose in accordance with the adopted competencies.
- 3.12 The Committee may request a meeting for the Committee or any member(s) with any of the Company's employees, legal advisor, or external auditors.
- 4.12 The Chairman of the Committee may attend the General Assembly meeting to answer questions raised by the shareholders.
- 5.12 The Committee shall monitor the Company's work and request clarifications from the Company's departments.
- 6.12 The Committee may request the Board to convene the General Assembly if its work is impeded or if the Company is subject to significant damages or losses.

7.12 The Committee shall meet with external and internal auditors to inquire and comment within the scope of their work.

13 Committee Remunerations

The remuneration of Audit Committee members consists of annual bonuses, in addition to attendance allowance for meeting sessions, in accordance with the Company's approved remuneration policy.

14 Confidentiality of Committee Works

Committee members must maintain the confidentiality of any information which they have access to during their service as a Committee member and use it for the purpose of performing their tasks as members only. They may not announce or reveal said information to any other party, disclose or exploit it for any purpose, discuss it in the media, or speak on behalf of the institution. They shall abide by maintaining such confidentiality of information after the termination of membership in the Committee. Independent directors must maintain the confidentiality of private information during their membership in the Committee or after its termination and not disclose it at all.

The Committee member is responsible, even after the expiration of his membership in the Committee, to maintain all the Committee's documents and minutes, as well as any materials or data delivered to him manually or electronically from the Company or the secretary of the Committee.

15 Entry into Force and Amendment

The Regulations shall come into force from the date of approval by the Assembly and may only be amended by a Resolution issued therefrom.

Regulations regulating the work of the Executive Committee of Retal Urban Development Company (Saudi Listed Joint-Stock Company)	
Approved by virtue of	Resolution issued by the Board of Directors' Meeting no. 03/2020 dated 18/04/1442 AH, corresponding to 03/12/2020 AD.

The Executive Committee of Retal Urban Development Company (Saudi Listed Joint-Stock Company) has been established in accordance with the provisions of the principles of governance and their international applications, which stress on the importance of reducing the concentration of powers with a certain administrative level or a specific person, separating the supervisory, regulatory, and executive authorities, and enhancing the functions of each authority or administrative level to ensure responsibility and accountability, in line with the modern management methods, which require the distribution and delegation of powers and the determination of responsibilities without prejudice to the powers and tasks of the companies' boards of directors as they are responsible for supervising, controlling, guiding, and implementation, as stipulated in the Saudi Companies Law of the necessity of forming specialized committees to help companies departments conduct business while maintaining the rights of stakeholders, including shareholders, partners, employees, customers, creditors, and others, and as per the Company's first version of the Governance Regulations issued on 18/04/1442 AH, corresponding to 03/12/2020 AD, and based on Article 18 of the statute of the Company (Board Competencies) that stipulates: [...] Within its jurisdictions, the Board may delegate one or more members or others to initiate specific work(s)... The Executive Committee for Retal Urban Development Company has been established by virtue of Board Resolution no. 03/2020 dated 18/04/1442 AH, corresponding to 03/12/2020 AD for the purposes listed below and according to the powers, responsibilities, tasks, and controls stipulated in the present Regulations.

1. Definitions

The following terms and expressions shall have the meaning assigned thereto, unless the context otherwise requires:

Shareholders' Assembly	The Assembly of shareholders
Company	Retal Urban Development Company
Board	Company's Board of Directors
Committee	The Executive Committee appointed by the Board.
Chairman	Chairman of the Committee
Member(s)	Committee member(s)
Regulations	Regulations of the Executive Committee of Retal Urban Development Company
Management	The management of Retal Urban Development Company
Executive Management	Executive Management of Retal Urban Development Company
Stakeholders	Shareholders, partners, employees, customers, creditors, etc.

2. Preamble

- 1.2 The present Regulations aim to regulate the work of the Committee, clarify its scope of work and structure, determine its powers, clarify its method of formation, member appointment, and meeting arrangements, and indicate its decision-making and remunerations mechanism.
- 2.2 The Committee shall assume the powers and functions set out in the present Regulations.

- 3.2 The Board shall evaluate the Committee's performance periodically and make recommendations to improve its performance.

3. Purpose of the Committee Formation

The Committee has been established to assist the Board in the management of the Company in terms of supervision and coordination with the Company's executive management, especially in following up on the implementation of the strategic plans, policies, and decisions issued by the Shareholders' Assembly, the Board, or the management of the Company. The Committee shall also represent the Board in certain matters, especially urgent ones. The Committee shall submit its reports and recommendations periodically to the Board.

4. Committee Formation

1.4 The Company's Board shall issue a resolution to form the Executive Committee and specify its term of membership, tasks, work methods and controls, members' remuneration, and the mechanism of appointing its members, as per the following:

1.1.4 The Committee shall consist of three to five members appointed by the Board. The resolution shall specify the Chairman and the Secretary.

2.1.4 The Board may, at its discretion, restructure or abolish the Committee, restrict or increase its powers, or increase, exempt, decrease, or replace its members.

3.1.4 The term of the Committee shall be similar to that of the Board.

4.1.4 If for any reason the position of a member of the Committee becomes vacant, the Board may appoint a replacement to complete the term of his predecessor in the membership of the Committee.

5.1.4 The Board may allocate a remuneration to members for the work of the Committee in accordance with the decisions and instructions issued in this regard.

6.1.4 The Committee shall confirm annually the absence of conflict of interest in the performance of its tasks.

2.4 Secretary of the Committee

A member of the Committee shall be selected to carry out the tasks of the secretary of the Executive Committee. The Committee may appoint a secretary from non-members.

The secretary of the Audit Committee shall be responsible for:

1.2.4 Supervising the meeting procedures.

2.2.4 Ensuring the dominance of the principles of equality and transparency among Committee members.

3.2.4 Following up on the implementation of the Committee's decisions/recommendations.

4.2.4 Carrying out all procedures for holding meetings, as well as their progress and agenda, and keeping records.

5.2.4 Any other work assigned thereto by the Committee.

5. Termination of the Committee Membership

Without prejudice to the provisions of the Board's right, the membership of the members of the Audit Committee shall expire in the following cases:

1.5 If a member of the Committee resigns.

2.5 In the event of the expiry of the Committee's term.

3.5 If the member loses the ability to carry out his tasks for any reason.

4.5 If it is proven that a conflict of interest exists.

5.5 If the member misses two consecutive meetings without an excuse approved by the Board.

6. Tasks of the Chairman

The main responsibilities of the Committee Chairman include:

- 1.6 Overseeing the work of the Committee and ensuring compliance with the Regulations.
- 2.6 Managing and monitoring the work of the Committee.
- 3.6 Being loyal to the interest of the Company while making sure to perform his tasks and exercise his competencies.
- 4.6 Ensuring the integrity of the decisions and recommendations made by the Committee, and that they are based on knowledge and are in the interest of achieving the Company's strategic objectives and plans.
- 5.6 Submitting and following up on the Committee's recommendations.
- 6.6 Signing the minutes of meetings.

7. Tasks and Responsibilities of Members

When carrying out their tasks in the Committee, the members must abide by the following:

- 1.7 Cooperating in achieving the Committee's tasks.
- 2.7 Ensuring attendance and active participation in all Committee meetings. Each member must attend at least two-thirds of the number of meetings held per year.
- 3.7 Being loyal to the interest of the Company while making sure to perform their tasks and exercise their competencies.
- 4.7 Sharing opinions and thoughts responsibly and impartially, taking into account the general interest of the Company.
- 5.7 Disclosing any conflict of interest in any of the topics presented to the Committee.
- 6.7 Signing the minutes of meetings.
- 7.7 Following up on the implementation of the Committee's recommendations, in coordination with the Chairman.

8. Meetings and Attendance

- 1.8 The Committee shall meet at the Company's headquarters or in any other place approved by the majority of the Committee members.
- 2.8 The Committee shall adopt a meeting schedule at the start of each year, provided that at least three meetings are held during the financial year of the Company and provided that the date of the following meeting is agreed upon during each meeting.
- 3.8 The Committee shall hold its meetings at the invitation of the Chairman of the Committee. The invitation is sent to the members with the agenda and documents before the scheduled meeting date for a sufficient period estimated by the Committee Chairman.
- 4.8 The agreed-upon meeting may only be postponed or canceled with the approval of the Chairman of the Committee or based on the request of a majority of members.
- 5.8 The Committee may hold exceptional meetings upon the invitation of its Chairman, or upon a request from two of its members, the Board, or the Company, provided that the invitation states the reasons for the meeting.
- 6.8 The Chairman shall be responsible for managing the meeting and approving the agenda.
- 7.8 A member of the Committee may not delegate another member to attend.
- 8.8 The Committee may invite whomever it deems appropriate to attend its meetings, provided that this is evidenced in the minutes of meeting, without having the right to vote on the Committee's decisions.
- 9.8 Committee members shall meet once every four months or more as needed.
- 10.8 Committee meetings are valid if attended by a majority of its members. Resolutions shall be issued by a majority of the votes present. Each member shall have one vote. In case of a tie, the Chairman shall have the casting vote

11.8 Meetings can be conducted online.

12.8 The meetings of the Committee shall only be held if attended by a majority of its members, whether attending in person, by phone, or through any other electronic means that allows all members to be heard by all other members.

9. Committee Resolutions

The resolutions of the Executive Committee shall be issued by a majority vote of the attendees. In case of a tie, the chairman of the meeting voted shall have the casting vote. The Committee may issue resolutions by submitting them to each of its members separately unless a member submits a written request for convening a meeting of the Committee for deliberation of said resolutions. Said resolutions shall be submitted to the Executive Committee in the next meeting.

10. Minutes of Meetings

The secretary of the Executive Committee shall prepare the minutes of the meetings, and the minutes shall be signed by all the attending members.

11. Competencies and Responsibilities of the Committee

The Committee shall exercise all the competencies entrusted thereto, submit its reports to the Board, and maintain direct communication channels with it. It may not amend any resolution issued by the Board. The competencies of the Committee, under the relevant laws and regulations, shall be as follows:

- 1.11 Participate and supervise the development of the Company's strategic plan and raise proposals submitted by the departments concerned with the Company's vision, mission, strategic pillars, objectives, and initiatives and submit them to the Board for approval.
- 2.11 Reviewing the implementation of the Company's general strategy and its effectiveness in achieving the desired objectives.
- 3.11 Studying strategic and important topics and projects of significant financial impact and submitting them to the Board for approval.
- 4.11 Holding periodic meetings with the executive management to explore work progress and encountered obstacles and problems, as well as review and discuss the important information in respect of the Company's work.
- 5.11 Developing standards for the performance of the executive management in line with the investment objectives and strategy of the Company.
- 6.11 Reviewing and evaluating performance indicators of the executive management.
- 7.11 Ensuring that the executive department operates in accordance with the policies approved by the Board.
- 8.11 Reviewing the policies and procedures set by the executive management.
- 9.11 Reviewing current achievements against set objectives.
- 10.11 Recommending the formation of the organizational structure of the Company and executive management.
- 11.11 Reviewing the social responsibility policy and media plan and submitting the recommendations of the Committee to the Board.
- 12.11 Reviewing the programs of social work initiatives and submitting the recommendations of the Committee to the Board.
- 13.11 Reviewing the CEO's submissions and submitting recommendations to the Board.
- 14.11 Examining the topics referred by the Assembly or the Board to the Committee, or the topics assigned to the Committee.
- 15.11 Other competencies assigned to the Committee by the Board.
- 16.11 The Committee shall submit its oral or written reports and recommendations to the Board periodically.

12. Powers of the Committee

- 1.12 The Committee shall investigate any matter referred thereto while enjoying full freedom to access all the Company's books, records, facilities, and employees as the Committee may view all data, information, and records related to the business progress, the general strategic plan, the Company's business, and performance reports of the executive management.
- 2.12 The Committee may seek assistance from legal advisors, accountants, and independent advisors, provided that the Company bears the expenses and fees for this purpose in accordance with the adopted competencies.
- 3.12 The Committee may request a meeting for the Committee or any member(s) with any of the Company's employees, legal advisor, or external auditors.
- 4.12 The Chairman of the Committee may attend the General Assembly meeting to answer questions raised by the shareholders.
- 5.12 The Committee shall abide by carrying out the work in accordance with the powers entrusted thereto or the delegation of the Board.

13. Committee Remunerations

The remuneration of Executive Committee members consists of annual bonuses, in addition to attendance allowance for meeting sessions, in accordance with the Company's approved remuneration policy.

14. Confidentiality of Committee Works

Committee members must maintain the confidentiality of any information which they have access to during their service as a Committee member and use it for the purpose of performing their tasks as members only. They may not announce or reveal said information to any other party, disclose or exploit it for any purpose, discuss it in the media, or speak on behalf of the institution. They shall abide by maintaining such confidentiality of information after the termination of membership in the Committee. Independent directors must maintain the confidentiality of private information during their membership in the Committee or after its termination and not disclose it at all.

The Committee member is responsible, even after the expiration of his membership in the Committee, to maintain all the Committee's documents and minutes, as well as any materials or data delivered to him manually or electronically from the institution or the secretary of the Committee.

15. Entry into Force and Amendment

The Regulations shall come into force from the date of approval by the Board and may only be amended by a Resolution issued therefrom.

Regulations regulating the work of the Nominations and Remunerations Committee of Retal Urban Development Company (Saudi Listed Joint-Stock Company)	
Approved by virtue of	Resolution issued by the Board of Directors' Meeting no. 03/2020 dated 18/04/1442 AH, corresponding to 03/12/2020 AD.

The Nominations and Remunerations Committee of Retal Urban Development Company (Saudi Listed Joint-Stock Company) has been established in accordance with the provisions of the principles of governance and their international applications, which stress on the importance of reducing the concentration of powers with a certain administrative level or a specific person, separating the supervisory, regulatory, and executive authorities, and enhancing the functions of each authority or administrative level to ensure responsibility and accountability, in line with the modern management methods, which require the distribution and delegation of powers and the determination of responsibilities without prejudice to the powers and tasks of the companies' boards of directors as they are responsible for supervising, controlling, guiding, and implementation, as stipulated in the Saudi Companies Law of the necessity of forming specialized committees to help companies departments conduct business while maintaining the rights of stakeholders, including shareholders, partners, employees, customers, creditors, and others, and as per the Company's first version of the Governance Regulations issued on 18/04/1442 AH, corresponding to 03/12/2020 AD, and based on Article 18 of the statute of the Company (Board Competencies) that stipulates: [...] Within its jurisdictions, the Board may delegate one or more members or others to initiate specific work(s)... The Nominations and Remunerations Committee for Retal Urban Development Company has been established by virtue of Board Resolution no. 03/2020 dated 18/04/1442 AH, corresponding to 03/12/2020 AD for the purposes listed below and according to the powers, responsibilities, tasks, and controls stipulated in the present Regulations.

1. Definitions

The following terms and expressions shall have the meaning assigned thereto, unless the context otherwise requires:

Shareholders' Assembly	The Assembly of shareholders
Company	Retal Urban Development Company
Board	Company's Board of Directors
Committee	Nomination and Remunerations Committee appointed by the Board
Chairman	Chairman of the Committee
Member(s)	Committee member(s)
Regulations	Regulations of the Nominations and Remunerations Committee of Retal Urban Development Company
Management	The management of Retal Urban Development Company
Executive Management	Executive Management of Retal Urban Development Company
Stakeholders	Shareholders, partners, employees, customers, creditors, etc.

2. Preamble

- 1.2 The present Regulations aim to regulate the work of the Committee, clarify its scope of work and structure, determine its powers, clarify its method of formation, member appointment, and meeting arrangements, and indicate its decision-making and remuneration mechanism.
- 2.2 The Committee shall assume the powers and functions set out in the present Regulations.

- 3.2 The Company's General Assembly shall, based on the proposal of the Board, approve the work regulations of the Nominations and Remunerations Committee, provided that such regulations include the controls and procedures of the Committee, its tasks, the rules of selection of its members, the term of their membership and their remuneration.

3. Purpose of the Committee Formation

The Committee has been established to assist the Board in performing its guiding and supervisory tasks efficiently and effectively, especially with regard to identifying qualified board members and senior executives and ensuring that the Company's nominations policy leads to correct appointments and the desired goals and retention of Board members and senior executives, hence, helping the Company achieve its objectives and economic growth.

4. Committee Formation

- 1.4 The Company's Board shall issue a resolution to form the Nominations and Remunerations Committee and specify its term of membership, tasks, work methods and controls, members' remuneration, and the mechanism of appointing its members, as per the following:
- 1.1.4 The Committee shall consist of three to five members from outside the executive members of the Board. The Board shall issue a resolution to appoint them and specify therein the chairman and the secretary.
- 2.1.4 The Committee shall be composed of the independent directors from the Board. Non-executive members or people from outside the Board, whether shareholders or others, may be used, provided that the Chairman of the Committee is an independent member.
- 3.1.4 The Board shall monitor the performance of the Committee and submit its recommendation to the Shareholders' Assembly in case of any observations on the Committee's performance.
- 4.1.4 The term of the Committee shall be similar to that of the Board.
- 5.1.4 If for any reason the position of a member of the Committee becomes vacant, the Board may appoint a replacement to complete the term of his predecessor in the membership of the Committee and the Shareholders' Assembly shall be notified of the matter to fill the vacant position.
- 6.1.4 The Committee shall confirm annually the absence of conflict of interest in the performance of its tasks.

2.4 Secretary of the Committee

A member of the Committee shall be selected to carry out the tasks of the secretary of the Nominations and Remunerations Committee. The Committee may appoint a secretary from non-members.

The secretary of the Committee shall be responsible for:

- 1.2.4 Supervising the meeting procedures.
- 2.2.4 Ensuring the dominance of the principles of equality and transparency among Committee members.
- 3.2.4 Following up on the implementation of the Committee's decisions/recommendations.
- 4.2.4 Carrying out all procedures for holding meetings, as well as their progress and agenda, and keeping records.
- 5.2.4 Any other work assigned thereto by the Committee.

5. Termination of the Committee Membership

Without prejudice to the provisions of the Board's right, the membership of the members of the Committee shall expire in the following cases:

- 1.5 If a member of the Committee resigns.
- 2.5 In the event of the expiry of the Committee's term.
- 3.5 If the member loses the ability to carry out his tasks for any reason.
- 4.5 If it is proven that a conflict of interest exists.

5.5 If the member misses two consecutive meetings without an excuse approved by the Board.

6. Tasks of the Chairman

The main responsibilities of the Committee Chairman include:

- 1.6 Overseeing the work of the Committee and ensuring compliance with the Regulations.
- 2.6 Managing and monitoring the work of the Committee.
- 3.6 Being loyal to the interest of the Company while making sure to perform his tasks and exercise his competencies.
- 4.6 Ensuring the integrity of the decisions and recommendations made by the Committee, and that they are based on knowledge and are in the interest of achieving the Company's strategic objectives and plans.
- 5.6 Submitting and following up on the Committee's recommendations.
- 6.6 Signing the minutes of meetings.

7. Tasks and Responsibilities of Members

When carrying out their tasks in the Committee, the members must abide by the following:

- 1.7 Cooperating in achieving the Committee's tasks.
- 2.7 Ensuring attendance and active participation in all Committee meetings. Each member must attend at least two-thirds of the number of meetings held per year.
- 3.7 Being loyal to the interest of the Company while making sure to perform their tasks and exercise their competencies.
- 4.7 Sharing opinions and thoughts responsibly and impartially, taking into account the general interest of the Company.
- 5.7 Disclosing any conflict of interest in any of the topics presented to the Committee.
- 6.7 Signing the minutes of meetings.
- 7.7 Following up on the implementation of the Committee's recommendations, in coordination with the Chairman.

8. Meetings and Attendance

- 1.8 The Committee shall meet at the Company's headquarters or in any other place approved by the majority of the Committee members.
- 2.8 The Committee shall adopt a meeting schedule at the start of each year, provided that at least two meetings are held during the financial year of the Company and provided that the date of the following meeting is agreed upon during each meeting.
- 3.8 The Committee shall hold its meetings at the invitation of the Chairman of the Committee. The invitation is sent to the members with the agenda and documents before the scheduled meeting date for a sufficient period estimated by the Committee Chairman.
- 4.8 The agreed-upon meeting may only be postponed or canceled with the approval of the Chairman of the Committee or based on the request of a majority of members.
- 5.8 The Committee may hold exceptional meetings upon the invitation of its Chairman, or upon a request from two of its members, the Board, or the Company, provided that the invitation states the reasons for the meeting.
- 6.8 The Chairman shall be responsible for managing the meeting and approving the agenda.
- 7.8 A member of the Committee may not delegate another member to attend.
- 8.8 The Committee may invite whomever it deems appropriate to attend its meetings, provided that this is evidenced in the minutes of meeting, without having the right to vote on the Committee's decisions.
- 9.8 Committee meetings are only valid if attended by a majority of its members. Resolutions shall be issued by a majority of the votes present. Each member shall have one vote. In case of a tie, the Chairman shall have the casting vote
- 10.8 Meetings can be conducted online.

- 11.8 The meetings of the Committee shall only be held if attended by a majority of its members, whether attending in person, by phone, or through any other electronic means that allows all members to be heard by all other members.

9. Committee Resolutions

The resolutions of the Nominations and Remunerations Committee shall be issued by a majority vote of the attendees. In case of a tie, the chairman of the meeting voted shall have the casting vote. The Committee may issue resolutions by submitting them to each of its members separately unless a member submits a written request for convening a meeting of the Committee for deliberation of said resolutions. Said resolutions shall be submitted to the Nominations and Remunerations Committee in the next meeting.

10. Minutes of Meetings

The secretary of the Nominations and Remunerations Committee shall prepare the minutes of the meetings, and the minutes shall be signed by all the attending members.

11. Competencies and Responsibilities of the Committee

- 1.11 The Committee shall prepare a clear policy for the remuneration of the members of the Board, its committees, and the executive management, and submit it to the Board for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account criteria related to performance, disclosure, and verification of its implementation.
- 2.11 The Committee shall clarify the relationship between the remunerations granted and the applicable remuneration policy, and indicate any material deviation from this policy.
- 3.11 The Committee shall periodically review the remuneration policy and assess its effectiveness in achieving its intended objectives.
- 4.11 The Committee shall recommend to the Board the remunerations of the members of the Board, its committees, and senior executives in the Company in accordance with the approved policy.
- 5.11 The Committee shall propose clear policies and standards for membership in the Board, its committees, and executive management.
- 6.11 The Committee shall provide recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral dishonesty.
- 7.11 The Committee shall prepare a description of the capabilities and qualifications required for membership of the Board and executive management positions.
- 8.11 The Committee shall determine the amount of time that the member must allocate to the work of the Board.
- 9.11 The Committee shall conduct an annual review of the skills and expertise required of the Board members and the executive.
- 10.11 The Committee shall review the structure of the Board and the executive management and provide recommendations regarding changes that may be made thereto.
- 11.11 The Committee shall ensure, on an annual basis, the independence of independent directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company.
- 12.11 The Committee shall develop job descriptions for the executive, non-executive, and independent directors and the senior executives.

- 13.11 The Committee shall develop procedures to be followed if the position of a member of the Board or a senior executive becomes vacant.
- 14.11 The Committee shall determine the strengths and weaknesses of the Board and recommend remedy solutions that serve the Company's interests.
- 15.11 The Committee shall supervise the Company's governance regulations in relation to the Board members, monitor its effectiveness, and amend it when needed. To that end, the Committee shall:
 - 1.15.11 Verify the Company's compliance with these rules.
 - 2.15.11 Review and update the rules in accordance with statutory requirements and best practices.
 - 3.15.11 Review and develop a professional code of conduct that represent the Company's values, as well as other internal policies and procedures to meet the Company's needs and align with best practices.
 - 4.15.11 Keep the Committee members informed of developments in the field of corporate governance with regard to Board members and best practices.

12. Powers of the Committee

- 1.12 The Committee may seek the assistance of experts and specialists from inside or outside the Company within the limits of its powers, provided that this is included in the Committee's meeting of meeting while indicating the name of the expert and his relationship with the Company or the executive management.
- 2.12 The Committee shall request appropriate documents, reports, clarifications, and information from officials, executives, and the employees of the Company.
- 3.12 It may invite officials, executives, and employees of the Company to its meetings to ask questions and hear their explanations.
- 4.12 The Committee shall provide recommendations for Board membership in accordance with the policies and standards adopted by the Company and the necessary regulations and instructions approved by the competent authorities, taking into account not to nominate any person previously convicted of a crime against honor or trust.
- 5.12 The Committee shall perform other services requested by the Board and which fall within the powers of the Committee.
- 6.12 The Committee shall conduct an annual review and evaluation of its regulations to ensure that it meets its duties and makes recommendations to the Board regarding making amendments thereto.
- 7.12 The Committee shall submit a periodic report on its work to the Board.
- 8.12 The Committee shall have full knowledge and understanding of all business developments related to the Company.
- 9.12 The Committee shall consider all information viewed by the members of the Nominations and Remunerations Committee for their work in this Committee as confidential information.
- 10.12 The Committee shall inform the Board of any change in their membership status or any conflict of interest that may arise as a result of decisions taken by the Nominations and Remunerations Committee.

13. Nominations and Remunerations Committee Reports

Minutes of meetings including discussions, opinions presented, and decisions made by the Committee shall be sent to the Board members.

14. Committee Remunerations

The remuneration of Audit Committee members consists of annual bonuses, in addition to attendance allowance for meeting sessions, in accordance with the Company's approved remuneration policy.

15. Confidentiality of Committee Works



Committee members must maintain the confidentiality of any information which they have access to during their service as a Committee member and use it for the purpose of performing their tasks as members only. They may not announce or reveal said information to any other party, disclose or exploit it for any purpose, discuss it in the media, or speak on behalf of the institution. They shall abide by maintaining such confidentiality of information after the termination of membership in the Committee. Independent directors must maintain the confidentiality of private information during their membership in the Committee or after its termination and not disclose it at all.

The Committee member is responsible, even after the expiration of his membership in the Committee, to maintain all the Committee's documents and minutes, as well as any materials or data delivered to him manually or electronically from the Company or the secretary of the Committee.

16. Entry into Force and Amendment

The Regulations shall come into force from the date of approval by the Company's General Assembly and may only be amended by a Resolution issued therefrom.

Part 5
Auditor

Introduction

The auditors' regulations shall specify the tasks and powers of the Company's auditor.

1. Appointment of the Auditor

The Company shall appoint one or more auditors licensed to operate in the Kingdom of Saudi Arabia. The Ordinary General Assembly shall appoint the auditor on an annual basis, based on the recommendation of the Audit Committee, set his remuneration, and re-appoint him, provided that he is licensed and meets the conditions set by the competent authority.

The Company must ensure the absence of conflict between the interests between the Company and the auditor, and that the chartered auditor reviewing the financial statements and any partner in his office abide by the rules and regulations of the Saudi Organization for Chartered and Professional Accountants (SOCPA) relating to the ownership of shares or securities of the Company or any of its subsidiaries to ensure the independence of the auditor and any partner or employee in his office. The number of candidates for auditor of the Company must not be less than two auditors.

2. Powers of the Auditor

- 1.2 The auditor may, at all times, have access to the Company's books, records, and any other documents. He may also request any data or clarifications he deems necessary and verify the assets and liabilities of the Company.
- 2.2 The auditor may not disclose to shareholders outside the General Assembly or to any third party the Company's secrets he came across through his work, otherwise, he must be replaced and demanded to compensate. The auditor shall be liable to compensate the damage suffered by the Company, shareholders, or any third party for the errors he commits in the course of his work. If an error is attributable to more than one auditor, they shall be jointly responsible therefor.
- 3.2 The auditor may not combine his work with co-founding a company, serving on the board of directors, or carrying out technical or administrative work in the Company, even as a consultation.

3. Tasks of the Auditor

- 1.3 The auditor shall monitor the Company's accounts as stipulated in the Company's statute and in line with the provisions of the Companies Law.
- 2.3 The auditor owes the duties of care and loyalty to the Company.
- 3.3 The auditor may request the Board to call for a General Assembly meeting if the Board has not facilitated his work.
- 4.3 The auditor shall be liable to compensate the Company, the shareholders, or third parties for errors he commits in the course of his work. If an error is attributable to more than one auditor, they shall be jointly responsible therefor.

4 Report of the Auditor

The auditor shall submit a report to the annual General Assembly, which includes the position of the Company to enable him to access requested data and clarifications, any violations he may have revealed to the provisions of the Companies Law or the provisions of the statute, and his opinion on the extent to which the Company's accounts correspond to reality.

Part 6

Distribution of Dividends Policy

Introduction

The dividend distribution policy regulations aim to define the Company's policy and procedures related to the distribution of dividends, its announcement, and the time of payment.

1. Statutory Reserve

Ten percent (10%) of the net profits shall be retained to form a statutory reserve for the Company. The Ordinary General Assembly may decide to discontinue such retention if the reserve reaches (30%) of the paid capital. Said reserve shall be used to cover the Company's losses or increase its capital.

2. Other Reserves

Upon the proposal of the Board, the Ordinary General Assembly may retain a percentage of 10% at most of the net profits to form a consensual reserve. Such a reserve may only be used by a resolution of the Extraordinary General Assembly. If such reserve is not allocated for a specific purpose, the Ordinary General Assembly may, based on the proposal of the Board, decide to disburse it in a way that benefits the Company or shareholders.

The Ordinary General Assembly may use the retained earnings and the distributable consensual reserves to pay the remaining amount of the value of the share or part thereof, provided that this does not affect equality among the shareholders.

3. Distribution and Payment of Dividends

In general, the Company shall distribute dividends to shareholders in proportion to the Company's income, financial position, cash flows, market status, general economic climate, and in line with its expansion and investment plans and cash needs based on a proposal by the Board approved by the General Assembly of shareholders.

4. Distribution of the Company's Annual Net Profits

1.4 Ten percent (10%) of the net profits shall be retained to form a statutory reserve for the Company. The Ordinary General Assembly may decide to discontinue such retention if the reserve reaches (30%) of the paid capital.

2.4 The Extraordinary General Assembly may, based on the proposal of the Board, retain a percentage of 10% at most of the net profits to create a consensual reserve and allocate it for a specific purpose(s).

3.4 After that, a first payment of not less than 5% of the paid-up capital shall be distributed to the shareholders.

4.4 The Assembly may decide to distribute profits on an annual, semi-annual, or quarterly basis. The Board may be authorized to do so.

5.4 The Company may pay a lump sum to Board members as an annual remuneration in a manner that does not violate the Companies Law.

Part 7

Ethics and Method of Managing the Company's Work

Introduction

The basic principle on which the code of ethics and the method of managing the Company's work is based is to direct the Company's Board and employees on how the Company deals with its employees, Board members, and other parties, especially customers, suppliers, contractors, and all members of society, and to abide by these directives to avoid imposing disciplinary penalties and judicial accountability.

In order to achieve its objectives, the Company shall:

1. Provide high-quality products and services.
2. Protect the rights and interests of others.
3. Ensure customer satisfaction.
4. Manage the Company with devotion and honesty and disclose all information related to stakeholders.
5. Preserve and protect the environment.

1. Professional Conduct Policy

Each Board member and Company employee must:

- Perform the duties of care and loyalty towards the Company, undertake all actions in the general interest of the Company, develop it, and maximize its value, and prioritize its interests over his personal interest in all cases.
- Represent all shareholders of the Company and take all actions to achieve the best interests of the Company and shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected him.
- Entrench among the Board members and senior executives the principle of compliance with all relevant laws, regulations, and instructions.
- Prevent the member of the Board or the executive management from abusing his positions with the aim of achieving benefits for himself or a third party.
- Ensure that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests.
- Establish 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 them to any person, except within the prescribed limits or as permitted by law.
- The Company's employees must not speak or make declarations on behalf of the Company except through the official channels authorized by the Company.

2. Relationship with Employees

- The Company considers its employees and workers to be the foundation of its success. Therefore, the Company shall commit to treat all employees with respect and confidence, build long-term relationships with them, and implement the Labor Law in its relationship with its employees and workers.
- The Company shall take all necessary measures to avoid conflict of interest between the Company's employees. If it fails to do so, the employees shall be prevented from taking such decisions and disclosing all information related to stakeholders.

- The Company's employees and workers shall be treated equally in all their rights and entitlements without any discrimination, as employees are evaluated and remunerated based on objective measures for their performance and work achievements.
- The Company shall organize training programs and courses for its employees to develop their skills.
- The Company prohibits the use and disclosure of internal information by its employees. The Company shall establish the necessary and effective procedures regarding the circulation of internal information. And with regard to transparency in dealing with employees, the Company has systems to contact employees and advise them on special matters related to their work and other topics of interest to them.

3. Relationship with Customers

Customer satisfaction is one of the Company's priorities and objectives, as the Company seeks to provide high-quality and affordable products and services and provide after-sales services to achieve customer satisfaction. This is the basis of the Company's relationship with customers.

4. Relationship with Business Partners

The Company emphasizes that its relationship with its business partners such as suppliers, contractors, consultants, and other partners, which is based on cooperation, respect, trust, and justice, is key to its success.

The Company's employees and workers must adhere to and abide by the criteria and procedures for selecting suppliers, contractors, consultants, and other related parties in order to avoid any legal liability that negatively affects the Company and its business.

5. Relationship with Public Sector

The Company must abide by all rules, regulations, and laws related to its work and disclose material information to shareholders, creditors, and other stakeholders. The Company shall also commit to obtaining all necessary licenses and approvals to carry out its work, renew said licenses and approvals, and pay due Zakat in full and on the specified times for payment.

The Company shall urge all its employees, workers, and representatives to abide by the laws, regulations, and instructions in force in the Kingdom of Saudi Arabia and any other country where the Company is present and to reject any pressure to engage in illegal or irregular practices by not accepting any offers or promises to offer gifts or illegal amounts for a specific purpose.

6. Corporate Social Responsibility

The Company considers itself part of the community in which it operates and is committed to ensuring that its relationship with the community is based on respect, trust, honesty, and justice. Therefore, the Company seeks, as much as possible, to contribute to social programs that enrich the community.

7. Implementation

- The Board, based on the Audit Committee's proposal, shall develop the necessary policies or procedures to be followed by stakeholders in submitting their complaints or reporting violating practices, taking into account the following:
 - 1.7 Dedicating a phone or email for receiving complaints.

- 2.7 Appointing an employee to receive and address complaints or reports sent by stakeholders.
 - 3.7 Facilitating the method by which stakeholders (including Company employees) report to the Board the conducts and practices of the executive management that violate applicable laws, regulations, and rules or raise doubts as to the financial statements, the internal audit controls, or others, whether said conducts or practices are against them or not, and conducting the necessary investigation in this regard.
 - 4.7 Maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialized committees.
 - 5.7 Providing the necessary protection to the stakeholders.
- All employees and workers of the Company have the right to address any inquiries or questions to the Company's Legal Counsel regarding the implementation of the Company's Code of Ethics and business management method, which in turn gives the necessary advice.
 - Accordingly, any questions or inquiries shall be addressed to the legal counsel of the Company to provide the necessary legal advice to settle the necessary complaints, disputes, or clarifications.
 - All employees and workers of the Company are responsible for following the Code of Ethics and the Company's business management method. All heads of departments of the Company shall be accountable before the CEO regarding the implementation of these Regulations in their departments, assure that employees and workers understand them well, and ensure that they are applied in all their work and operations. The CEO, in turn, shall submit such assurances to the Board of the Company.
 - All items contained in the Code of Ethics and the Company's business management method shall constitute an integral part of the Company's internal control functions. Therefore, the Company shall periodically review and evaluate the items contained in this Regulations in order to improve them and ensure their effectiveness.

Part 8

Disclosure and Transparency Policy

Introduction

The Disclosure and Transparency Regulations play the role of regulating the disclosure and transparency of information related to the Company and its various work.

The purpose of disclosure is to provide information to the Company's shareholders so that they can make proper and sound decisions.

1. Disclosure Policy

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:

- 1.1 Such policies must include proper disclosure methods that enable the shareholders and stakeholders to access the financial and non-financial information pertaining to the Company, its performance, and ownership of shares, and to obtain a comprehensive view of the Company's position.
- 2.1 Disclosure to shareholders and investors must 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.
- 3.1 Reporting rules shall be established to include the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure.
- 4.1 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 rules shall be verified.

2. Disclosure by Board Members

The Board shall regulate the disclosures of each of its members and the members of the executive management, all while observing the following:

- 1.2 Developing a register for the disclosures of the Board members and the executive management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law, and their implementing regulations.
- 2.2 Making the register available for review by the Company's shareholders free of charge.

3. Disclosure in Board Report

The report of the Board must include a presentation of its operations during the last fiscal year and all factors affecting the Company's work. The Board report must include the requirements contained in the Companies Governance Regulations issued by the Capital Market Authority and any other relevant regulations.

4. Disclosure in Audit Committee Report

- 1.4 The report of the Audit Committee must include the details of its performance of its competencies and tasks stipulated in the Companies Law and its Implementing Regulations, provided that its recommendations and opinion include the adequacy of the Company's internal and financial control and risk management systems.
- 2.4 The Board of Directors must deposit sufficient copies of the report of the Audit Committee at the Company's headquarters when publishing the invitation to convene the General Assembly to enable shareholders to obtain a copy thereof. The summary of the report shall be reviewed during the General Assembly.

Part 9

Conflict of Interest Policy

Introduction

These Regulations are a set of procedures and rules for dealing with potential or incidental conflicts of interest that may affect the performance of the members of the Board, the executive management, or other employees of the Company when dealing with the Company or other stakeholders.

1. Conflict of Interests Policy for Board Members

- 1.1 A member of the Board may not have any direct or indirect interest in the works and contracts carried out for the Company except under the authorization of the Ordinary General Assembly, which shall be renewed every year. The Board member must notify the Board of his direct or indirect interest in the works and contracts that are executed for the Company's account. Such notification shall be recorded in the minutes of the meeting. Said member may not participate in voting on the resolution issued in this regard by the Board and the shareholders' assemblies. The Chairman of the Board shall inform the Ordinary General Assembly, when it is convened, about the work and contracts in which one of the Board members has a direct or indirect interest, and the notification is accompanied by a special report from the Company's external auditor.
- 2.1 If a Board member fails to disclose his interest referred to in the preceding paragraph, the Company or any interested party may claim before the competent judicial authority to invalidate the contract or obligate the member to pay any profit or benefit that he achieved therefrom.
- 3.1 The Ordinary General Assembly may delegate the authority to license to the Company's Board, provided that the delegation is in accordance with the following conditions:
 - 1.3.1 The total amount of the work or the contract or the total works and contracts during the fiscal year is less than 1% of the Company's revenues according to the latest audited financial statements, provided that it is less than SAR 10 million.
 - 2.3.1 The work or contract falls within the usual activity of the Company.
 - 3.3.1 The work or contract must not include preferential terms for the Board member and must have the same conditions and terms that the Company follows with all contractors and customers.
 - 4.3.1 The work or contract must not be among the consulting works and contracts carried out by the Board member by virtue of a professional license for the benefit of the Company.
 - 5.3.1 The Board member shall be responsible for calculating the transactions mentioned in paragraph (1.1) in which he has a direct or indirect interest during one fiscal year.
 - 6.3.1 The term of the delegation shall be one year at most from the date of approval by the General Assembly or until the end of the delegated Board term, whichever comes first.
 - 7.3.1 Board members are prohibited from voting on the provisions of the delegation or revocation of the delegation in the General Assembly.
 - 8.3.1 The General Assembly may add other conditions to the conditions set forth in the present Regulations, provided that such conditions are included in the Regulations subsequently.
 - 9.3.1 If the General Assembly does not delegate the authority to license or if the aforementioned conditions for granting the license are not applicable, the license must be obtained from the Shareholders' General Assembly.
- 4.1 A Board member may not participate in any work that would compete with the Company, or compete with the Company in any branch of its activity; otherwise, the Company may demand the appropriate compensation from him before the competent judicial authority, unless he holds a license from the Ordinary General Assembly, to be renewed each year, allowing him to do so.
- 5.1 If a Board member wishes to participate in a business that would compete with the Company, or compete with any branch of its activity, the following shall be taken into consideration:
 - 1.5.1 Notifying the Board of the competing works he wishes to engage in and recording such notification in the minutes of the Board's meeting.

- 2.5.1 The conflicted member shall abstain from voting on the related decision in the Board meeting and Shareholders' Assemblies.
- 3.5.1 The chairman of the Board shall inform the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in, after the Board assesses the Board member's competition with the Company's business or if he is in competition with one of the branch activities that it conducts in accordance with the standards issued by the Ordinary General Assembly (upon a proposal from the Board), provided that such businesses are assessed on annual basis.
- 4.5.1 Obtaining authorization from the Ordinary General Assembly of the Company for the member to engage in the competing business, provided that such license is renewed annually.
- 5.5.1 No member of the Board, senior executive, or Company employee may accept gifts from any party who has entered into commercial transactions with the Company.

2. Rejection to Grant Authorization

- 1.2 Should the General Assembly delegate the authority to license to the Board of the Company, and the Board refuses to grant the license to the Board member, the Board member must resign within a period specified by the Board; otherwise, his membership in the Board shall be deemed terminated, unless he decides to withdraw from competing with the Company or regularize his situation prior to the end of the period set by the Board.
- 2.2 Should the General Assembly not delegate the authority to license to the Board of the Company or the terms of the delegation do not apply to the transaction, and the General Assembly refuses to grant the license to the Board member, the Board member must resign within a period specified by the General Assembly; otherwise, his membership in the Board shall be deemed terminated, unless he decides to withdraw from competing with the Company or regularize his situation prior to the end of the period set by the General Assembly.
- 3.2 No member of the Board or senior executive may accept gifts from any party who has entered into commercial transactions with the Company if such gifts lead to a conflict of interest.
- 4.3 The Company may not grant a loan of any kind to any Board member or shareholder or offer collateral for any loan agreed upon between the Board member and a third party, except for loans and collaterals granted by the Company in accordance with employee incentive programs approved as per the provisions of the Company's statute or by virtue of the resolution issued by the Ordinary General Assembly.

3. Duties of the Board Member:

- 1.3 The Board member shall perform his duties with honesty and integrity, prioritize the interests of the Company over his own interest, and refrain from using his position to achieve personal interests.
- 2.3 The Board member shall void situations of conflicts of interest and notify the Board of situations of conflict which may affect his neutrality when looking into matters presented before the Board. The Board must not allow such member to be involved in deliberations and shall not count his vote when voting on such matters in the Board and the Shareholders Assemblies meetings.
- 3.3 Maintain the confidentiality of information related to the Company and its activities and refrain from disclosing it to anyone.

4. Board Member Prohibitions:

- 1.4 The Board member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he has a direct or indirect interest therein.
- 2.4 The Board member is prohibited from misusing or benefitting, directly or indirectly, any of the Company's assets, information, or investment opportunities presented to the Company or to him in his capacity as a member of the

Board. This includes investment opportunities that are within the activities of the Company, or of which the Company wishes to make use. Such prohibition shall extend to the Board member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his knowledge during his membership in the Board.

3.4 A person who desires to nominate himself for the membership of the Board must disclose to the Board and the General Assembly any cases of conflicts of interest (according to the procedures determined by the Companies Law and the Saudi Capital Market Authority Regulations), including:

- 1.3.4 Having a direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he desires to be nominated to the Board.
- 2.3.4 Engaging in a business that would compete with the Company or any of the branches of its activities.

5. Board Committees

Any member of the Board's committees in the Company who has an interest in an actual or potential conflict of interest, or is uncertain of the existence of an actual or potential conflict of interest, shall disclose in writing to the Board, the Secretary of the Board, or the Legal Counsel the nature and extent of the actual or potential conflicts of interests he faces.

The Company's Board member must make the disclosure immediately and in detail, along with the necessary documents and facts as soon as he realizes that he is in a state of actual or potential conflict of interests.

6. Company Employees

Any of the Company's employees or workers who has an interest in an actual or potential conflict of interest, or is uncertain of the existence of an actual or potential conflict of interest, shall disclose in writing to the Board, the Secretary of the Board, or the Legal Counsel the nature and extent of the actual or potential conflicts of interests he faces.

The Company's employee and worker must make the disclosure immediately and in detail, along with the necessary documents and facts as soon as he realizes that he is in a state of actual or potential conflict of interests.

7. Compliance with the Conflict of Interest Disclosure Policy

The Company's Board must inform the Shareholders' Assembly without any delay by submitting a report when the Company contracts or transacts with a related party, if such contract or transaction equals to or exceeds 1% of the total revenues of the Company in accordance with the latest annual audited financial statements. The report of the Board of the Company must include the following:

- A description of any transaction between the Company and a related party.
- Information relating to any business or contract to which the Company is a party and in which a Board member, a senior executive, or any person related to any of them is or was interested, including the names of persons in relation to these businesses and contracts, the nature, conditions, durations, and the amount of the business or contract. If there are no such businesses or contracts, the Company must submit a statement thereof.

The Chairman and members of the Board, senior executives, and department managers of the Company shall sign an acknowledgment and undertaking confirming that each of them:

- has received a copy of the Conflict of Interest Policy.
- Has read and understood all the articles and provisions of the Conflict of Interest Policy.

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- Has agreed to abide by the Conflict of Interest Policy and commit to any additions or amendments thereto that the Company's management may make from time to time and inform its employees and workers or announce it.

Part 10
Internal Control Regulations

Introduction

Internal control is a set of procedures covering all financial and operational activities of the Company that were developed with the participation of the Board, senior executives, and Company employees.

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company, and compliance with the relevant laws and regulations. Said system must 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.

1. Establishing Independent Units or Departments within the Company

For purposes of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks and for internal auditing.

The Company may utilize external entities to perform the tasks and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those tasks and competencies.

2. Tasks of the Internal Audit Unit or Department

An internal audit unit or department shall assess and monitor the implementation of the internal control system, verify that the Company and its employees comply with the applicable laws, regulations, and instructions, and the Company's policies and procedures, and determine the audit mechanism, correction plan, and annual audit plan.

3. Formation of an Internal Audit Department

The internal audit unit or department shall be composed of at least one internal auditor whose appointment is recommended by the Audit Committee and who is responsible before it.

The formation and operation of the internal audit unit or department shall take into consideration the following:

- 1.3 Employees thereof shall be competent, independent, and adequately trained, and shall not be entrusted with any other functions other than internal audit duties and internal control system.
- 2.3 The unit or department shall report to the Audit Committee and shall be associated with it and accountable to it.
- 3.3 The remunerations of the manager of the audit unit or department shall be determined by the recommendation of the audit committee as per the Company's policies.
- 4.3 The unit or department shall be given access to information and documents and shall be able to obtain the same without any restrictions.

4. Internal Audit Plan

The internal audit unit or department shall operate pursuant to a comprehensive audit plan approved by the Audit Committee. Said plan shall be updated annually.

5. Internal Audit Report

The internal audit unit or department shall prepare and submit a written report on its work at least quarterly to the Board and the Audit Committee. Said report shall include an assessment of the Company's internal control system and the final results and recommendations of the unit or department. It 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.

6. 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.

Part 11

Remunerations Policy

Introduction

This policy has been formulated in accordance with the Companies Law, the Capital Market Law, and their implementing regulations, in order to reward the members of the Board, its committees, and the executive management in a fair and equitable manner, and to align the aspirations of human resources with the objectives of the Company.

The Nominations and Remunerations Committee shall be responsible for preparing a clear policy for the remuneration of the members of the Board, its committees, and the executive management, taking into account performance criteria, disclosing such policy, and verifying its implementation. It shall also clarify the relationship between the remunerations granted and the remuneration policy in force, indicate any material deviation from this policy, periodically review the remuneration policy, evaluate its effectiveness in achieving the desired objectives, and recommend to the Board the remunerations of the members of the Board, its committees, and senior executives of the Company in accordance with the approved policy.

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

- Be consistent with the Company's strategy and objectives.
- Provide remunerations with the aim of encouraging the Board members and executive management to achieve the success of the Company and its long-term development.
- Determine remunerations based on job level, duties, and responsibilities, educational qualifications, practical experience, skills, and level of performance.
- Be consistent with the magnitude, nature, and level of risks faced by the Company.
- Take into consideration the practices of other companies regarding the determination of remunerations and avoid unjustifiable increases in remunerations and compensations that may arise.
- Attract talented professionals and retain and motivate them without exaggeration.
- Be prepared in coordination with the Nominations and Remunerations Committee in respect of new appointments.
- Take into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.

1. Board Members Excluding Executives:

The remunerations of the Independent Directors shall include the following:

- An annual fixed remuneration of SAR 200,000 as per the Companies Law and the Company's statute, provided that the sum of the remunerations and benefits received by a member of the Board of Directors, whether financial or in kind, shall not exceed SAR 500,000, in accordance with the controls set by the competent authority in accordance with the above-mentioned remuneration policy.
- Allowance for attending Board meetings of SAR 3,000 per member per session.
- Every member whose permanent residence is outside the city in which the Board meetings are held shall receive a travel allowance equal to the value of the first-class ticket and an overnight allowance of SAR 2,000 for each day of the meeting if the accommodation is not provided by the Company.
- A lump sum of SAR 3,000 shall be disbursed for each member attending the Board meeting inside the Kingdom and outside the geographical boundaries of the Company's headquarters as compensation for housing, food, transportation, etc., in addition to a round-trip first-class ticket or its equivalent value.

- A lump sum of USD 3,000 shall be disbursed as compensation for housing, food, transportation, etc. for each member attending the Board meeting outside the Kingdom, in addition to a round-trip first-class travel ticket or its equivalent value.
- If more than one meeting is held on the same day and in the same place, the compensation for the above expenses shall be disbursed only once per member.
- The Board may pay remunerations to the members of the Board – excluding executives - for any technical, administrative, or consultancy work assigned to them by the Board, provided that the Board's recommendation is submitted to the Shareholders' Assembly for approval.

2. Board members of Board Committees – Excluding Executives:

The remunerations of the members in Board committees – excluding executives - include the following:

- A fixed annual remuneration of SAR 80,000 shall be disbursed for members of the committee from outside the Board. As for members of the committee from within the Board – excluding executives -, the fixed annual remuneration is SAR 60,000, according to the regulations set by the competent authority in accordance with the remuneration policy above.
- Allowance for attending committee meetings of SAR 3,000 per member – excluding executives - per session.
- Every member – excluding executives - whose permanent residence is outside the city in which the committee meetings are held shall receive a travel allowance equal to the value of the first-class ticket and an overnight allowance of SAR 2,000 for each day of the meeting if the accommodation is not provided by the Company.
- A lump sum of SAR 3,000 shall be disbursed for each member – excluding executives - attending the committee meeting inside the Kingdom and outside the geographical boundaries of the Company's headquarters as compensation for housing, food, transportation, etc., in addition to a round-trip first-class ticket or its equivalent value.
- A lump sum of USD 3,000 shall be disbursed as compensation for housing, food, transportation, etc. for each member – excluding executives - attending the Board meeting outside the Kingdom, in addition to a round-trip first-class travel ticket or its equivalent value.
- If the chairman requests a meeting for the Committee outside the Company's headquarters or the participation of any of the members of the committees or all of them in the Board meeting, the attending members – excluding executives - shall be compensated for the expenses the same as the members of the Board.
- If more than one meeting is held on the same day and in the same place, the compensation for the above expenses shall be disbursed only once per member – excluding executives.

3. Company's Executive Management Remuneration Policy

1.3 Purpose:

This policy aims to reward employees for their annual performance and assess their efforts and contribution to achieving the Company's objectives approved by the Board through an annual performance remuneration linked to the performance level of the Company and employees. The policy is expected to attract and retain the best competencies, motivate and improve the performance of employees to achieve the Company's annual objectives, link employees' performance with the Company's annual objectives, and offer a variety in the composition of wages and benefits compared to the best practices in the labor market.

2.3 Eligibility and Guidelines

- At the beginning of the year, the objectives of the Company and the objectives of the Company's executives are approved.
- At the end of the year, the performance of the Company and employee are evaluated.
- The value of the remuneration granted to the executives is directly proportional to the net profit achieved by the Company.
- The remuneration of an executive employee is calculated as a number of salaries that increase and decrease according to his performance or employment contract.
- An employee's remuneration is directly proportional to his actual years of service from the year of evaluation.
- The Nominations and Remunerations Committee may also recommend disbursing an extraordinary remuneration for outstanding performance.

3.3 Implementation mechanism:

- The executive management shall submit to the Board the financial results achieved for the previous year of evaluation to determine the remuneration according to the adopted policy.
- The Board shall review the financial results of the previous year.
- The Board shall request the Nominations and Remunerations Committee to determine the remunerations based on the adopted policy,
- The Committee shall review the Company's performance evaluation.
- The Committee shall determine the remunerations and then recommend it to the Board for approval.
- The Board, after approving what it sees in this matter, shall direct the executive management to pay the remunerations and present what has been done to the Board.

Part 12

Retention of Documents

The Company must retain all minutes, documents, reports, and other records required to be maintained in the Company's headquarters for at least ten years, as per the present Regulations. This shall include the Board report and Audit Committee report.

Without prejudice to this period, the Company, in case of any lawsuit (filed or threatened to be filed), ongoing claim, or any investigation relating to said minutes, documents, reports, and other records, shall retain them until the end of the ongoing lawsuit, claim, or investigation