



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, 2022.
The regulations were updated at the (extraordinary) General Assembly meeting held on June 27, 2024.

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:

Capital Market Law	The Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the Board.
Listing Rules	The Listing Rules approved by the Board.
Authority	The Capital Market Authority.
The Exchange	The Saudi Stock Exchange.
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 on the Exchange and the business environment.
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 and none of the independence affecting. By way of example:</p> <ol style="list-style-type: none"> 1. If he holds (5%) Five Percent or more of the shares of the Company or any other company within its group or is a relative of who owns such percentage; 2. If he is a relative of any member of the Board of the Company or any other company within the Company's group; 3. If he is a relative of any senior executive of the Company or of any other company within the Company's group; 4. If he is a board member of any company within the group of the Company for which he is nominated to be a Board member. 5. If he is an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years. 6. If he has a direct or indirect interest in the businesses and contracts executed for the Company's account;

	<p>7. If the Member of the Board receives financial consideration from the Company in addition to the remuneration for his membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or (50%) of his remuneration of the last year for the Membership of the Board or any of its Committees, whichever is less.</p> <p>8. If he engages in a business where he competes with the Company or conducting businesses in any of the company's activities.</p> <p>9. If he served for more than nine years, consecutive or inconsecutive, as a Board Member of the Company.</p>
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	<p>1. Affiliates of the Company except for wholly-owned companies;</p> <p>2. Substantial shareholders of the Company;</p> <p>3. Directors and Senior Executives of the Company;</p> <p>4. Directors of affiliates of the Company;</p> <p>5. Directors and Senior Executives of substantial Shareholders of the Company;</p> <p>6. any relatives of persons described at (1), (2), (3) or (5) above;</p> <p>7. any company controlled by any person described at (1), (2), (3), (5) or (6) above.</p> <p>For the purposes of paragraph (6) of this definition, the term "relatives" shall mean a parent, spouse, and children.</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> <p>1. Relatives of the Board member.</p> <p>2. The legal person that the Board member represents.</p> <p>3. General partnership, limited partnership, or limited liability companies in which a Board member or any of their relatives is a partner or director.</p> <p>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.</p> <p>5. Entities (other than companies) owned or managed by a Board member or any of his relatives.</p> <p>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.</p>

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 of the person. 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 is obligated to seek shareholders' rights protection to ensure fairness and equality among them.
- 2.1.1 The Board and the executive management of the Company is obligated not to discriminate among shareholders who own the same type or class of shares nor prevent them from accessing any of their rights.
- 3.1.1 The Company shall specify in its internal policies the procedures 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, and particularly the following:

- 1.2.1 To obtain his portion of the net profits which to be distributed in cash or through the issuance of shares.
- 2.2.1 To obtain his share of the Company's assets upon liquidation.
- 3.2.1 To attend the general or special shareholders' assemblies, take part in their deliberations and vote on their decisions.
- 4.2.1 To dispose of his shares in accordance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
- 5.2.1 To inquire and request 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 and the Capital Market Law, and their implementing regulations.
- 6.2.1 To monitor the performance of the Company and the activities of the Board.
- 7.2.1 To hold Board members accountable, to file liability lawsuits against them, and appeal for nullification of the resolutions of the general and special shareholders' assemblies in accordance with the conditions and restrictions provided in the Companies Law and the Bylaws of the Company.
- 9.2.1 Preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the preemptive rights are per Article (129) of the company's law.
- 9.2.2 To record his name 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; and
- 11.2.1 To nominate and elect Board members.

3.1 Shareholder Access to Information

- 1.3.1 The Board shall make available to the Shareholder complete, clear, accurate, and non-misleading information to enable him to properly exercise his rights. Such information shall be provided at the proper times and shall be updated regularly.
- 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 type or class.

- 3.3.1 The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among Shareholders in respect of providing information.

4.1 Communicating with Shareholders

- 1.4.1 The Board shall ensure 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 and the Chief Executive Officer 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 work in its executive management or unless his intervention is through the General Assembly according to its powers.
- 4.4.1 The Company shall appoint a person responsible for the tasks related to Investors relations in the Company in order to achieve effective and fair communication between the Company and the Shareholders.

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 Shareholders' Assembly

- 1.1.2 The Ordinary General Assembly shall convene in accordance with the situations and circumstances stated in the Companies Law and its implementing regulations and the Company's bylaws.
- 2.1.2 The annual Ordinary General Assembly shall convene at least once within the six months following the end of the Company's financial year.
- 3.1.2 The General and Special Shareholders' Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and its implementing regulations and the Company's bylaws. The Board shall invite the Ordinary General Assembly to convene within 30 days from the date of the external auditor request, the Audit Committee or a number of Shareholders holding shares equal to at least (10%) of the company's shares that have voting rights. The external auditor may invite the Ordinary General Assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.
- 4.1.2 With regards of the provisions of the Companies Law and its implementing regulations, the date, place and agenda of the General Assembly shall be announced at least twenty one days prior to the date thereof; the invitation shall be published on the website of the Exchange and the Company's website. In addition, the Company may invite the General and Special Shareholders' Assemblies to convene using contemporary technologies means.

2.2 Agenda of the General Assembly

- 1.2.2 When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list; Shareholders holding no less than five percent (10%) of the Company's shares that have voting rights are entitled to add one or more items to the agenda upon its preparation.
- 2.2.2 The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board Members has 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 within a period between publishing the announcement referred to in paragraph (4) of Shareholders' Assembly Article and the date of convening the General Assembly meeting, provided that the Company shall announce this as prescribed in paragraph (4) of

Shareholders' Assembly Article. in the period between the publication of the announcement and the date of the General Assembly meeting, provided that the Company duly declares this.

4.2.2 The Shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the audit Committee's report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.

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

3. Ordinary General Assembly of Shareholders

1.3 Dates and Invitation of the Ordinary General Assembly of Shareholders

The annual Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year.

The General and Special Shareholders' Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and its implementing regulations and the Company's bylaws. The Board shall invite the Ordinary General Assembly to convene within 30 days from the date of the external auditor request, the Audit Committee or a number of Shareholders holding shares equal to at least (10%) of the company's shares that have voting rights. The external auditor may invite the Ordinary General Assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.

2.3 Competencies of the Ordinary General Assembly

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

1.2.3 Electing and removing Board members.

2.2.3 Permitting 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 Permitting a Board member to take part in any activity that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations.

4.2.3 Monitoring the compliance of the Board Members with the provisions of the Companies Law and its implementing regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and its implementing regulations;

5.2.3 Review and discuss the Company's financial statements.

6.2.3 Review and Discuss the report of the Board.

7.2.3 Deciding on the proposals of the Board with respect to the method of distributing the net profits.

8.2.3 Appointing one or more external auditors of the Company, specifying his fees, reappointing him, dismissing him, discussing his report and making a decision in its regard;

9.2.3 Looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external 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 respond to that as it deems appropriate in this regard.

- 10.2.3 Deciding the use of the company's reserves, if such has not been set aside for a specific purpose in the Company's bylaws, provided that using such reserves shall be based on a proposal of the Board and used in ways that benefit the Company or the Shareholders;
- 11.2.3 Forming the Company's reserves and determining their uses;
- 12.2.3 Sitting aside amounts from the Company's net profits to achieve social purposes for the benefit of the Company's employees in accordance with Article (123) of the Companies Law; and
- 13.2.3 Approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions, within a period of 12 months from the date of the first selling transaction. In case selling these assets includes 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

- 1.3.3 The Ordinary General Assembly meeting shall not be valid unless it is attended by Shareholders representing at least (25%) of the company's shares that have voting rights.
- 2.3.3 If the quorum necessary to hold the Ordinary General Assembly meeting is not available in accordance with Paragraph (1) of this Article, an invitation shall be sent to a second meeting to be held in the same conditions stipulated in Article (Ninety-One) of the Companies Law within the (thirty) days following the date specified for holding the previous meeting. However, the second meeting may be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence of the possibility of holding that meeting. In all cases, the second meeting is valid regardless of the number of shares with voting rights represented in it.

4.3 Management of the Ordinary General Assembly of Shareholders

- 1.4.3 The Ordinary General Assembly Meetings shall be chaired by the Chairman, his Deputy (if the Chairman is absent) or whom is delegated by the Board of Directors of its Members (when the Chairman and his Deputy are absent); and if not possible, the General Assembly shall be chaired by whom the Shareholders delegates from the Board Members or others by voting .
- 2.4.3 Every Shareholder has the right to attend the General Assembly meeting, and he may delegate someone other than a Member of the Board of Directors on his behalf.
- 3.4.3 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.
- 4.4.3 Votes in the Ordinary General Assembly are calculated on the basis of one vote per share.
- 5.4.3 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.
- 6.4.3 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 ten percent (10%) 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

The Extraordinary General Assembly shall have the following Competencies:

- 1.2.4 Amending Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law ;
- 2.2.4 Increasing the Company's share capital in accordance with the situations provided by the Companies Law and its implementing regulations ;
- 3.2.4 Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and its implementing regulations ;
- 4.2.4 Deciding the use of the reserve allocated for specific purposes in the Company's bylaws ;
- 5.2.4 Resolving to maintain or liquidate the Company before the end of the term specified in its bylaws ;
- 6.2.4 Approving the Company's shares buyback ;
- 7.2.4 Issuing preferred shares or redeemable shares or approving their buying, or converting a type or class of the Company's shares into another type or class of shares as per the Company's bylaws and the Implementing Regulations of the Companies Law for 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 Allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them; and
- 10.2.4 Suspending preemptive rights of Shareholders in subscribing for the capital increase in exchange for cash or giving priority to Non-Shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's bylaws .
- 11.2.4 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 which is the majority of voting rights represented at the meeting.

3.4 Quorum

- 1.3.4 The Extraordinary General Assembly meeting shall not be valid unless it is attended by Shareholders representing at least (50%) of the company's shares that have voting rights.
- 2.3.4 If the quorum necessary to hold the Extraordinary General Assembly meeting is not available in accordance with Paragraph (1) of this Article, an invitation shall be sent to a second meeting to be held in the same conditions stipulated in Article (91) of the Companies Law. However, the second meeting may be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence

of the possibility of holding that meeting. In all cases, the second meeting is shall not be valid unless it is attended by Shareholders representing at least (25%) of the company's shares that have voting rights.

- 3.3.4 If the quorum necessary to hold the second meeting is not available, an invitation shall be sent to a Third meeting to be held in the same conditions stipulated in Article (91) of the Companies Law. In all cases, the Third meeting is valid regardless of the number of shares with voting rights represented in it.

4.4 Management of the Extraordinary General Assembly of Shareholders

- 1.4.4 The Extraordinary General Assembly Meetings shall be chaired by the Chairman, his Deputy (if the Chairman is absent) or whom is delegated by the Board of Directors of its Members (when the Chairman and his Deputy are absent); and if not possible, the General Assembly shall be chaired by whom the Shareholders delegates from the Board Members or others by voting .
- 2.4.4 Every Shareholder has the right to attend the General Assembly Meeting, and he may delegate someone other than a Member of the Board of Directors on his behalf.
- 3.4.4 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.
- 4.4.4 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

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

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

- 1.1 The number of its Members shall be suitable for the size and nature of the Company's activities provided that such number shall not less than three
- 2.1 The majority of the Board Members shall be of Non-Executive Directors.
- 3.1 The number of Independent Directors shall not be less than two Members or one-third of the Board Members, whichever is greater.
- 4.1 The General Assembly shall elect the Board Members for the term stated in the Company's bylaws, provided that such term shall not exceed four years. Board Members may be re-elected, unless otherwise provided for in the Company's bylaws.
- 5.1 A Board Member shall not be a Member of the Boards of Directors of more than five listed joint stock companies at the same time.
- 6.1 The Company shall notify the Authority of the names of the Board Members and description of their Memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their Membership within five business days from the occurrence of such changes.

Issues Affecting Independence:

1. An Independent Director shall be able to perform his duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company.
2. The Board shall annually evaluate the extent of the Member's independence and ensure that there are no relationships or circumstances that affect or may affect his independence.
3. By way of example, the following negate the independence requirement for an Independent Director:
 - 3.1 if he holds (5%) Five Percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
 - 3.2 if he is a relative of any Member of the Board of the Company, or any other company within the Company's group;
 - 3.3 if he is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
 - 3.4 if he is a Board Member of any company within the group of the Company for which he is nominated to be a Board Member.
 - 3.5 if he is an employee or used to be an employee, during the preceding (2) two years, of the Company or a company within its group, or if he held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.
 - 3.6 if he has a direct or indirect interest in the businesses and contracts executed for the Company's account.
 - 3.7 if the Member of the Board receives financial consideration from the Company in addition to the remuneration for his/her Membership of the Board or any of its Committees exceeding an amount of (SAR 200,000) or (50%) of his remuneration of the last year for the Membership of the board or any of its Committees, whichever is less.
 - 3.8 if he engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
 - 3.9 if he served for more than nine years, consecutive or inconsecutive, as a Board Member of the Company

4. Unless the Nominations Committee considers otherwise, the businesses and contracts with the Board Member to meet his personal needs shall not be deemed as an interest that affect the independence of the board Member which require an authorization from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the Company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities.

2. Responsibility of the Board

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

3. Main Functions of the Board

Without prejudice to the competencies of the General Assembly as per the Companies Law and its implementing regulations and the Company's bylaws, the Board shall have the broadest powers in managing the Company and guiding its activities to achieve its objectives. Among the main functions and competencies of the Board are the following:

- 1.3 Laying down the plans, policies, strategies, and main objectives of the Company; supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available, including:
 - 1.1.3 Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them.
 - 2.1.3 Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
 - 3.1.3 Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets;
 - 4.1.3 Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company;
 - 5.1.3 Reviewing and approving the organizational and human resources structures of the Company on a periodic basis; and
 - 6.1.3 Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available
- 2.3 Setting procedures and rules for internal control , including:
 - 1.2.3 Developing a written policy to remedy 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;
 - 2.2.3 Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports;
 - 3.2.3 Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company; and
 - 4.2.3 reviewing the effectiveness of the Company's internal control procedures on an annual basis.
 - 5.2.3 Sitting forth specific and explicit policies, standards, and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly.
 - 6.2.3 Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations;
 - 7.2.3 Sitting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to Shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures;
 - 8.2.3 Supervision the Management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;
- 3.3 Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
 - 1.3.3 Increasing or decreasing the share capital of the Company; and
 - 2.3.3 Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.

- 4.3 Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
- 1.4.3 Use of the company's reserves, if they are not allocated for a specific purpose in the Company's bylaws;
 - 2.4.3 Forming additional financial allocations or reserves for the Company; and
 - 3.4.3 The method of distributing the net profits of the Company.
 - 4.4.3 Preparing the Company's interim and annual financial statements and approving them before publishing them;
 - 5.4.3 preparing the Board report and approving it before publishing it.
 - 6.4.3 Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency;
 - 7.4.3 Developing effective communication channels allowing Shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments;
 - 8.4.3 Forming specialized Committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such Committees as well as the manner used by the Board to monitor such Committees. Such resolutions shall also specify the names of the Members and their duties, rights and obligations and shall evaluate the performance and activities of these Committees and their Members;
 - 9.4.3 Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Implementing Regulations of the Companies Law for Listed Joint Stock Companies;
 - 10.4.3 notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board Member has a direct or indirect interest; the notification shall include the information provided by the Member of the Board as per paragraph (14) of Article (28) of the Corporate Governance Regulations, and shall be accompanied by a special report of the Company's external auditor.
 - 11.4.3 Setting the values and standards that govern the work at the Company;

4. 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.

1.4 Separation of Positions

- 1.1.4 Without prejudice to the provisions of the Company's bylaws, The Board appoints, from its Members, a Chairman and a vice Chairman, and may appoint from its Members a Managing Director or a Chief Executive Officer.
- 2.1.4 It is prohibited to hold, at the same time, the position of Chairman of the Board and any other executive position in the Company, including the positions of the Managing Director, the Chief Executive Officer, or the General Manager, even if the Company's bylaws provided for otherwise.

- 3.1.4 The Board shall define the competencies and specify the responsibilities of the Chairman, the Vice Chairman, and the Managing Director or the Chief Executive Officer explicitly and in writing if the Company's bylaws has no reference thereto.

- 4.1.4 In all cases, no person shall have the sole and absolute power to take decisions in the Company.

2.4 Oversight over the Executive Management

The Board shall form the Executive Management of the Company, regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it, and to achieve this, the Board shall:

- 1.2.4 Develop the necessary administrative and financial policies.
- 2.2.4 Ensure that the Executive Management operates in accordance with the policies approved by the Board.
- 3.2.4 Select and appoint the CEO of the Company and oversee his work.
- 4.2.4 Appoint the Internal Audit Department Director, or the Internal Auditor and dismiss him and determine his remuneration;
- 5.2.4 Convene periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business;
- 6.2.4 Develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company;
- 7.2.4 Review and evaluate the performance of the Executive Management; and
- 8.2.4 Develop succession plans for the Management of the Company.

3.4 Competencies and Duties of the Executive Management

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

- 1.3.4 Implementing the Company's internal policies and rules approved by the Board;
- 2.3.4 Suggesting the Company's comprehensive strategy as well as the principal and interim business plans and the policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them;
- 3.3.4 Proposing the most appropriate capital structure for the Company and its strategies and financial objectives;
- 4.3.4 Proposing the main capital expenditures of the Company and acquiring and disposing of assets.
- 5.3.4 Proposing the organizational and human resources structures of the Company and presenting them to the Board for approval;
- 6.3.4 Implementing internal control systems and procedures, and generally overseeing them, which include:
 - 1.6.3.7 Implementing the conflict-of-interest policy.
 - 2.6.3.7 Correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports;
 - 3.6.3.7 Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders.
 - 4.6.3.7 Implementing the Company's Corporate Governance rules effectively, to the extent they do not conflict with the provisions of the Regulations, and proposing.
 - 5.6.3.7 Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to Shareholders and Stakeholders;

- 7.3.4 providing the Board with the information required to exercise its competencies and provide recommendations regarding the following:
 - increasing or decreasing the share capital of the Company;
 - dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company;
 - use of the Company's reserves if they are not allocated for a specific purpose in the Company's bylaws;
 - forming additional reserves for the Company; and
 - the method for distributing the net profits of the Company.
 - 8.3.4 proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares;
 - 9.3.4 preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board;
 - 10.3.4 managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form in accordance with the objectives and strategies of the Company;
 - 11.3.4 participating effectively in building and developing a culture of ethical values within the Company;
 - 12.3.4 implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board;
 - 13.3.4 proposing and developing internal policies related to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels;
 - 14.3.4 proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy; and
 - 15.3.4 proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.
- 4.4 Providing the Board with the Necessary Information to Exercise Its Powers and Make Recommendations Regarding the Following:**
- 1.4.4 Increasing or decreasing the capital of the Company.
 - 2.4.4 Liquidating the Company before the end of the term specified in its statute or deciding its continuity.
 - 3.4.4 Using the consensual reserve of the Company.
 - 4.4.4 Forming additional reserves for the company.
 - 5.4.4 The method of distributing the net profits of the Company.
 - 6.4.4 Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, performance-related remunerations, and remunerations in the form of shares.
 - 7.4.4 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.
 - 8.4.4 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.
 - 9.4.4 Actively participating in building and developing a culture of ethical values within the Company.
 - 10.4.4 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.
 - 11.4.4 Proposing and developing internal policies related to the Company's business, including specifying the tasks, competencies, and responsibilities assigned to the various organizational levels.
 - 12.4.4 Proposing a clear policy to delegate tasks to the executive management and the method for implementing it.

- 13.4.4 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.

5 Competencies and Duties of the Chairman of the Board

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

- 1.5 Ensuring that the Board Members obtain complete, clear, accurate and non-misleading information in due course;
- 2.5 Ensuring that the Board effectively discusses all fundamental issues in due course.
- 3.5 Representing the Company before third parties in accordance with the Companies Law and its implementing regulations and the Company's bylaws;
- 4.5 Encouraging the Board Members to effectively perform their duties in order to achieve the interests of the Company;
- 5.5 Ensuring that there are actual communication channels with Shareholders and conveying their opinions to the Board;
- 6.5 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;
- 7.5 Preparing agendas of the Board meetings, taking into consideration any matters raised by Board Members or the external auditor and consult with the Board Members and the Chief Executive Officer upon preparing the Board's agenda; and.
- 8.5 Convening periodic meetings with the Non-Executive Directors without the presence of any Executive Officers of the Company.

6 Tasks and Duties of the Board Members

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

- 1.6 Providing proposals to develop the strategy of the Company;
- 2.6 Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company;
- 3.6 Reviewing reports related to the performance of the Company;
- 4.6 Ensuring the integrity and impartiality of the financial statements and information of the Company.
- 5.6 Ensuring that the financial control and risk management systems are sound.
- 6.6 Determining the appropriate level of remunerations for the members of the executive management.
- 7.6 Expressing opinions as to the appointment and dismissal of members of the executive management.
- 8.6 Participating in developing the succession and replacement plans of executive positions within the Company.
- 9.6 Complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the bylaws when performing his duties as a Member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs;
- 10.6 Attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the Chairman of the Board shall be notified by prior notice, or for emergency reasons;
- 11.6 Allocating sufficient time to fulfill his responsibilities and preparing for the Board and its Committees' meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives;

- 12.6 Studying and analyzing all information related to the matters looked into by the Board before expressing an opinion on the same;
- 13.6 Enabling other Board members to express their opinions freely and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's executive management and others, when necessary.
- 14.6 Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. the concerned Member shall abstain from voting on any decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
- 15.6 Notifying the Board fully and immediately of his participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
- 16.6 Refraining from disclosing or announcing any secrets he came across through his Membership in 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, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
- 17.6 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.
- 18.6 Recognizing his duties, roles, and responsibilities arising from the membership;
- 19.6 Developing his knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields; and
- 20.6 Resigning from the Membership of the Board if he is unable to fully fulfill his duties in the Board.

7 Tasks of the Independent Director

Without prejudice to duties of the Board Members stipulated in the present Regulations, the Independent Director of the Board shall effectively participate in the following duties:

- 1.7 Expressing his independent opinion in respect of strategic issues and the Company's policies and performance and appointing Members of the Executive Management;
- 2.7 Ensuring that the interest of the Company and its Shareholders are taken into account and given priority in case of any conflicts of interest;
- 3.7 Overseeing the development of the Company's corporate governance rules and monitoring the implementation of the rules by the executive management.

8 Exercising the Competencies of the Board

- 1.8 The Board shall exercise its competencies and duties to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects.
- 2.8 Without prejudice to the responsibility that falls on the company's Board of Directors, even if it delegates committees, entities or individuals to exercise some of its powers, in all cases, the Board of Directors may not issue a general or indefinite-term authorization, the Board may, within the scope of its competencies, delegate to one or more of its Members or committees or a third party the performance of a specific function or functions.
- 3.8 The Board shall develop an internal policy that explains the procedures of the Board activities and aims at encouraging its Members to work effectively to fulfill their obligations towards the Company.

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

9 The Secretary of the Board

- 1.9 The Board shall appoint a Secretary among its Members or a third party, whose competencies and wage shall be specified by a Board resolution, unless the Company's bylaws include provisions in connection therewith, provided that such powers shall include:

- 1.1.9 Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by the Chairman of the meeting, all of the attending Members and the Secretary;
- 2.1.9 Retaining the reports submitted to the Board and the reports prepared by it;
- 3.1.9 Providing the Board Members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board Member;
- 4.1.9 Ensuring that the Board Members comply with the procedures approved by the Board;
- 5.1.9 Notifying the Board Members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- 6.1.9 Presenting the draft minutes to the Board Members to provide their opinions on them before signing the same;
- 7.1.9 Ensuring 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;
- 8.1.9 Coordinating among the Board Members;
- 9.1.9 Regulating the disclosure register of the Board and Executive Management as per Article (89) of the Corporate Governance Regulations; and
- 10.1.9 Providing assistance and advice to the Board Members.

- 2.9 The Secretary of the Board may not be relieved except pursuant to a decision of the Board.

Qualifications of the Secretary:

The Board must specify the conditions that the Secretary must meet, provided that they include at least one of the following:

- 1. He holds a bachelor's degree in law, finance, accounting or administration or their equivalent, and has relevant practical experience of not less than three years; or
- 2. He has relevant practical experience of not less than five years.

10 The Board Meetings

1. Without prejudice to the Companies Law and its implementing regulations, the Board shall convene regular meetings to perform its duties effectively, and also convene meetings whenever needed.
2. The Board shall convene no less than four meetings per year, and no less than one meeting every three months.
3. The Board shall meet upon the invitation of its Chairman or upon a request from one of its Members. The invitation to the meeting shall be sent to each of the Board Members no less than five days prior to the date of the meeting accompanied by its agenda and the necessary documents and information, unless circumstance require convening an emergency meeting, the invitation accompanied with the agenda and necessary documents and information may be sent within a period less than the five days.
4. The meeting shall not be valid unless attended by half of the Board Members (by themselves or by proxy), provided that the number of attendees shall not be less than three, unless the Company's bylaws stated greater percentage or number.

The Agenda of Board Meetings

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

Remarks of the Board Members:

1. If any Member of the Board has any remarks in respect of the performance of the Company or any of the matters presented and which was not resolved in the Board meeting, such remarks shall be recorded and the procedures taken or to be taken by the Board in connection therewith must be set forth in the Minutes of the Board meeting.
2. If a Member of the Board expresses an opinion differs from the Board resolution, such opinion must be recorded in detail in the minutes of the Board meeting.

Organizing the Attendance of the Board Meetings:

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

Board Resolutions

1. 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.
2. 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.
3. 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.

Minutes of Board Meetings

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

1. The legal name of the Company and the address of its head office.
2. The place, date, and time of the meeting.
3. The members who attended the meeting and its quorum.
4. 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

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

1. Preparing programs for the recently-appointed Board Members, committee Members, and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following:
 - 1.1 The strategy and objectives of the Company;
 - 1.2 The financial and operational aspects of the Company's activities;
 - 1.3 The obligations of the Board Members and their duties, responsibilities and rights;
 - 1.4 The duties and competencies of the committees of the Board.
2. Developing the necessary mechanisms for Board Members, Committee Members, and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

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. 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 Board shall form specialized Committees as follows:

1. As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
2. The formation of the Committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each Committee, and the manner in which the Board monitors the activities of each Committee. The committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such Committees to ensure the performance of the duties delegated to them.
3. Each Committee shall be responsible before the Board for its activities, this shall not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to such Committee.
4. the number of Members of a Committee shall not be less than three or more than five.
5. the Chairmen or whom they delegate of each Committee Members, shall attend the General Assembly Meetings and answer any questions raised by the Shareholders.
6. the Company shall provide the Authority with the names of the Members and the types of their Memberships in such Board's Committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes.
7. a Company may combine Nomination and Remuneration Committees into one Committee named Nomination and Remuneration Committee. In such case, the Nomination and Remuneration Committee must satisfy the requirements related to any of them as set forth, and exercise all the powers set forth the Corporate Governance Regulations, provided that the committee convenes periodically at least every six months.

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.

Committees Membership:

1. A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve a conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to Membership of the Board, appointment of Senior Executives and determining the remuneration. Chairmen and Members of these committees shall comply with duties of care and loyalty and shall attend to the interests of the Company and its Shareholders, and prioritize them over their personal interests.
2. The Company shall take into consideration while forming the Nomination and Remuneration Committees that their Members are of Independent Directors. The Board may appoint Non- Executive Directors or persons other than Board Members either from Shareholders or others, provided that the Chairmen of Committees mentioned in this paragraph are of the Independent Directors
3. Chairman of the Board shall not be a Member of the Audit Committee. He may be a Member of other committees, provided that he is not the Chairman of Committees mentioned in the Regulations.

Studying Subjects:

1. Each Committee shall assess the matters that fall within its authority or those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith. The Committees shall take decisions in regards to these matters if delegated by the Board, in pursuance to paragraph (b) of Article (20) of these Regulations.
2. The Committees may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the Committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management.

Committees Meetings:

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

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

6. 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:

- 1.6 If a member of the Committee resigns.
- 2.6 In the event of the expiry of the Committee's term.
- 3.6 If the member loses the ability to carry out his tasks for any reason.
- 4.6 If it is proven that a conflict of interest exists.
- 5.6 If the member misses two consecutive meetings without an excuse approved by the Board.

7. Tasks of the Chairman

The main responsibilities of the Committee Chairman include:

- 1.7 Overseeing the work of the Committee and ensuring compliance with the Regulations.
- 2.7 Managing and monitoring the work of the Committee.
- 3.7 Being loyal to the interest of the Company while making sure to perform his tasks and exercise his competencies.
- 4.7 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.
- 5.7 Submitting and following up on the Committee's recommendations.
- 6.7 Signing the minutes of meetings.

8. Tasks and Responsibilities of Members

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

- 1.8 Cooperating in achieving the Committee's tasks.
- 2.8 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.
- 3.8 Being loyal to the interest of the Company while making sure to perform their tasks and exercise their competencies.
- 4.8 Sharing opinions and thoughts responsibly and impartially, taking into account the general interest of the Company.
- 5.8 Disclosing any conflict of interest in any of the topics presented to the Committee.
- 6.8 Signing the minutes of meetings.
- 7.8 Following up on the implementation of the Committee's recommendations, in coordination with the Chairman.

9. Meetings and Attendance

- 1.9 The Committee shall meet at the Company's headquarters or in any other place approved by the majority of the Committee members.
- 2.9 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.
- 3.9 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.
- 4.9 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.
- 5.9 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.
- 6.9 The Chairman shall be responsible for managing the meeting and approving the agenda.
- 7.9 A member of the Committee may not delegate another member to attend.
- 8.9 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.
- 9.9 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.
- 10.9 Meetings can be conducted online.

- 11.9 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.

10. 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.

11. 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.

12. Competencies and Responsibilities of the Committee

- 1.12 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.
- 2.12 The Committee shall clarify the relationship between the remunerations granted and the applicable remuneration policy, and indicate any material deviation from this policy.
- 3.12 The Committee shall periodically review the remuneration policy and assess its effectiveness in achieving its intended objectives.
- 4.12 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.
- 5.12 The Committee shall propose clear policies and standards for membership in the Board, its committees, and executive management.
- 6.12 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.
- 7.12 The Committee shall prepare a description of the capabilities and qualifications required for membership of the Board and executive management positions.
- 8.12 The Committee shall determine the amount of time that the member must allocate to the work of the Board.
- 9.12 The Committee shall conduct an annual review of the skills and expertise required of the Board members and the executive.
- 10.12 The Committee shall review the structure of the Board and the executive management and provide recommendations regarding changes that may be made thereto.
- 11.12 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.
- 12.12 The Committee shall develop job descriptions for the executive, non-executive, and independent directors and the senior executives.
- 13.12 The Committee shall develop procedures to be followed if the position of a member of the Board or a senior executive becomes vacant.

- 14.12 The Committee shall determine the strengths and weaknesses of the Board and recommend remedy solutions that serve the Company's interests.
- 15.12 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:
 - 1.15.12 Verify the Company's compliance with these rules.
 - 2.15.12 Review and update the rules in accordance with statutory requirements and best practices.
 - 3.15.12 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.
 - 4.15.12 Keep the Committee members informed of developments in the field of corporate governance with regard to Board members and best practices.

13. Powers of the Committee

- 1.13 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.
- 2.13 The Committee shall request appropriate documents, reports, clarifications, and information from officials, executives, and the employees of the Company.
- 3.13 It may invite officials, executives, and employees of the Company to its meetings to ask questions and hear their explanations.
- 4.13 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.
- 5.13 The Committee shall perform other services requested by the Board and which fall within the powers of the Committee.
- 6.13 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.
- 7.13 The Committee shall submit a periodic report on its work to the Board.
- 8.13 The Committee shall have full knowledge and understanding of all business developments related to the Company.
- 9.13 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.
- 10.13 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.

14. 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.

15. 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.

16. 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.

17. 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 External Auditor

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

1. The nomination shall be based on a recommendation from the Audit Committee;
2. The external auditor shall be authorized by the Competent Authority;
3. The external auditor's interests shall not conflict with the interests of the Company; and
4. The number of nominees shall not be less than two.

2. Duties of the External Auditor

The external auditor shall:

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

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

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

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

2. Social Responsibility

The Ordinary General Assembly, based on the Board recommendation, may establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.

3. Professional and Ethical Standards: Social Initiatives:

The Board may establish programs and determine the necessary methods for proposing social initiatives by the Company, which include:

1. establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;
2. disclosing the objectives of the Company's social responsibility to its Employees and raising their awareness and knowledge of social responsibility;
3. disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and
4. establishing awareness programs to the community to familiarize them with the Company's social responsibility.

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. Policies & Procedure of Disclosure:

Without prejudice to the Rules on the Offer of Securities and Continuing Obligations, 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 shall include proper disclosure methods that enable the Shareholders and other Stakeholders to access the financial and non-financial information pertaining to the Company's performance and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position;
- 2.1 Disclosure to Shareholders and investors shall be made without discrimination in a clear, correct and non-misleading fashion, 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 and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure; and
- 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 the Board

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

- 1.2 Maintaining a register for the disclosures of the Board members and the executive management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law, and their implementing regulations; and
- 2.2 Making such 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 shall include details of its performance of its competencies and duties stated in these Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company.
- 2.4 The Board shall make available sufficient copies of the Audit Committees' report at the Company's head office, and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable Shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.

5. Disclosure of Remunerations:

1. The Board shall:

- 1.1 Disclose the remuneration policy and the method by which remunerations of the Board and Executive Management are determined;
- 1.2 Provide an accurate, transparent and detailed disclosure in the Board report on the remunerations granted to the Board Members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date;
- 1.3 Explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy;
- 1.4 A description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:
 - 1.4.1 Board Members;
 - 1.4.2 Five Senior Executives who have received the highest remuneration from the Company, provided that the Chief Executive Officer and Chief Financial Officer are among them.
 - 1.4.3 Members of Committees.
- 2.1 The disclosures in this article and in the Board report shall be pursuant to the appended schedule.

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.
- 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

Implementation of Effective Governance and Retention of Documents

Implementation of Effective Governance:

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

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

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