KINGDOM OF SAUDI ARABIA

Capital Market Authority

Corporate Governance Regulations

English Translation of the Official Arabic Text

Issued by the Board of the Capital Market Authority
Pursuant to Resolution Number 8-16-2017
Dated 16/5/1438H Corresponding to 13/2/2017G
Based on the Companies Law
Issued by Royal Decree No M/3 dated 28/1/1437H

Amended by Resolution of the Board
of the Capital Market Authority Number 1-7-2021
Dated 1/6/1442H Corresponding to 14/1/2021G

Note: Arabic is the official language of the Capital Market Authority

Important Notice: the current version of these Regulations, as may be amended, can be found at

The Authority website: www.cma.org.sa

Table of Contents

Part 1: Preliminary Provisions

Article 1: Definitions

Article 2: Preamble

Article 3: Objectives of the Regulations

Part 2: Rights of Shareholders

Chapter 1: General Rights

Article 4: Fair Treatment of Shareholders

Article 5: Rights related to shares

Article 6: Shareholder access to information

Article 7: Communicating with Shareholders

Article 8: Electing the Board Members

Article 9: Distribution of Dividends

Chapter 2: Rights Related to the Meeting of the General Assembly

Article 10: Preamble

Article 11: Competencies of the Extraordinary General Assembly

Article 12: Competencies of the Ordinary General Assembly

Article 13: Shareholders' Assembly

Article 14: The Agenda of the General Assembly

Article 15: Management of the Shareholders' Assembly

Part 3: The Board of Directors

Chapter 1: Formation of the Board

Article 16: Composition of the Board

Article 17: Appointment of the Board members

Article 18: Conditions for the Membership of the Board

Article 19: Termination of a Board Membership

Article 20: Issues Affecting Independence

Chapter 2: Responsibilities and Competencies of the Board

Article 21: Responsibility of the Board

Article 22: Main Functions of the Board

Article 23: Distribution of Competencies and Duties

Article 24: Separation of Positions

Article 25: Oversight over the Executive Management

Article 26: Competencies and Duties of the Executive Management

Chapter 3: Competencies of the Chairman and the Board Members

Article 27: Competencies and Duties of the Chairman of the Board

Article 28: Appointing the Chief Executive Officer after the end of his/her services as Chairman of the Board

Article 29: Principles of truthfulness, honesty and loyalty

Article 30: Tasks and Duties of the Board Members

Article 31: Duties of the Independent Director

Chapter 4: Procedures of the Board Activities

Article 32: The Board Meetings

Article 33: Remarks of the Board Members

Article 34: Organising the Attendance of the Board Meetings

Article 35: The Agenda of Board Meetings

Article 36: Exercising the Competencies of the Board

Article 37: The Secretary of the Board

Article 38: Qualifications of the Secretary

Chapter 5: Training, Support and Assessment

Article 39: Training

Article 40: Providing Members with Information

Article 41: The Assessment

Chapter 6: Conflicts of Interest

Article 42: Dealing with Conflicts of Interest and Related Parties Transactions

Article 43: Conflicts of Interest Policy

Article 44: Avoiding Conflicts of Interest

Article 45: Disclosure of Conflicts of Interest by the Nominee

Article 46: Rules of Competing with the Company

Article 47: Concept of the Competing Businesses

Article 48: Rejecting to Grant Authorisation

Article 49: Accepting Gifts

Part 4: Company Committees

Chapter 1: General Provisions

Article 50: Forming the Committees

Article 51: Committees Membership

Article 52: Studying Subjects

Article 53: Committees Meetings

Chapter 2: The Audit Committee

Article 54 Audit Committee Formation

Article 55: Competencies, powers and responsibilities of the Audit Committee

Article 56: Conflict between the Audit Committee and the Board

Article 57: Audit Committee Meetings

Article 58: Arrangements for Providing Remarks

Article 59: Powers of the Audit Committee

Chapter 3: Remuneration Committee

Article 60: Composition of the Remuneration Committee

Article 61: Competencies of the Remuneration Committee

Article 62: Remuneration Policy

Article 63: Meetings of the Remuneration Committee

Chapter 4: Nomination Committee

Article 64: Composition of the Nomination Committee

Article 65: competences of the Nomination Committee

Article 66: The Nomination Procedures

Article 67: Meetings of the Nomination Committee

Article 68: Publishing the Nomination Announcement

Article 69: Nomination Rights of Shareholders

Chapter 5: Risk Management Committee

Article 70: Composition of the Risk Management Committee

Article 71: Competencies of the Risk Management Committee

Article 72: Meetings of the Risk Management Committee

Part 5: Internal Control

Article 73: Internal Control System

Article 74: Establishing Independent Units or Departments within the Company

Article 75: Duties of the Internal Audit Unit or Department

Article 76: Composing an Internal Audit Unit or Department

Article 77: Internal Audit Plan

Article 78: Internal Audit Report

Article 79: Maintaining Internal Audit Reports

Part 6: The Company's External Auditor

Article 80: Assigning the Audit Function

Article 81: Appointment of the External Auditor

Article 82: Duties of the External Auditor

Part 7: Shareholders

Article 83: Regulating the Relationship with Stakeholders

Article 84: Reporting Non-Compliant Practices

Article 85: Employee Incentives

Part 8: Professional and Ethical Standards

Article 86: Professional Conduct Policy

Article 87: Social Responsibility

Article 88: Social Initiatives

Part 9: Disclosure and Transparency

Article 89: Policies and Procedure of Disclosure

Article 90: The Board's Report

Article 91: The Audit Committee's Report

Article 92: Disclosure by the Board

Article 93: Disclosure of Remunerations

Part 10: Implementation of Corporate Governance

Article 94: Implementation of Effective Governance

Article 95: Formation of a Corporate Governance Committee

Part 11: Retaining of Documents

Article 96: Retaining of Documents

Part 12: Closing Provisions

Article 97: Providing the Additional data and Information

Article 98: Publication and Entry into Force

Appendix (1) Remuneration Schedule

Part 1: Preliminary Provisions

Article 1: Definitions

The following terms and expressions shall have the meaning they bear as follows unless the contrary intention appears:

Companies Law: the Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437 AH.

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: the listed joint stock company.

Board: the company's Board of Directors.

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 the Company formed in accordance with the provisions of the Companies Law and the Company's bylaws.

Executive Director: a member of the Board who is a full time member of the executive management team of the Company and participates in its daily activities.

Non-Executive Director: a member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.

Independent Director: a non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 20 of these Regulations apply to him/her.

Executive Management or Senior Executive: persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her 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.
- Husbands and wives.

Holding Company: a Joint Stock Company or Limited Liability Company aims to control other Joint Stock Companies or Limited Liability Companies called affiliates by owning more than half of those companies' share capitals or by controlling the composition of their management.

Person: any natural or legal person that is recognised as such under the laws of the Kingdom.

Related Parties:

A. Substantial Shareholders of the company.

B. Board members of the Company or any of its affiliates and their relatives.

C. Senior Executives of the Company or any of its affiliates and their relatives.

D. Board members and Senior Executives of Substantial Shareholders of the company.

E. Entities, other than companies, owned by a Board member or any Senior Executive or their relatives.
F. Companies in which a Board member or a Senior Executive or any of their relatives is a partner.
G. Companies in which a Board member or a Senior Executive or any of their relatives is a member of its Board of directors or is one of its Senior Executives.
H. Joint stock companies in which a member of the Board or a Senior Executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (D) of this definition.
I. Companies in which a Board member or a Senior Executive or any of their relatives has influence on their decisions even if only by giving advice or guidance.
J. Any person whose advice or guidance influence the decisions of the Company, the Board and the Senior Executives.
K. Holding companies or affiliates.

Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of paragraphs (I) and (J) of this definition.

The Group: When referring to a person, means the person and his affiliates.

Affiliate: a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.

Stakeholder: any person who has an interest in the Company, including employees, creditors, customers, suppliers and the community.

Substantial Shareholders: any person who owns (5%) or more of the shares of the Company or voting rights therein.

Cumulative voting: a method of voting for electing Board members that gives each shareholder a voting capacity equivalent to the number of shares he/she owns , and by which the shareholder is entitled to either exercise all of his/her votes towards one nominee or to divide his/her votes towards several nominees without any duplication of such votes.

Controlling Interest: The ability to influence actions or decisions of another person directly, indirectly, individually or collectively with a relative or an affiliate through: (A) owning %30 or more of the voting rights in a company, (B) having the right to appoint %30 or more of the administrative team members.

Administrative Team: A group of individuals who make strategic decisions of the person. The Board is the Company's Administrative Team.

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.

Article 2: Preamble

a) These Regulations state the rules and standards that regulate the management of the companies to ensure its compliance with the best governance practices that ensure the protection of shareholder's rights as well as the rights of Stakeholders.
b) These Regulations are mandatory to companies except the provisions that contain a reference of being guiding.
c) Without prejudice to the provisions of these Regulations, laws and instructions of other supervisory authorities apply to companies that subject to them.

Article 3: Objectives of the Regulations

These 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, impartiality and equity in the Exchange, its transactions, and the business environment and enhance 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 the system for overseeing Companies and the tools thereof; and
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.

Part 2:Rights of Shareholders

Chapter 1: General Rights

Article 4: Fair Treatment of Shareholders

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

Article 5: Rights related to shares

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

1) to obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares;
2) to obtain his/her share of the Company's assets upon liquidation;
3) to attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions;
4) to dispose of his/her shares in accordance with the provisions of the Companies Law, The Capital Market Law and their implementing regulations ;
5) to enquire 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) to monitor the performance of the Company and the activities of the Board;
7) 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;
8) 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 pre-emptive rights are per Article (140) of the Company's Law.
9) to record his/her name in the Company's shareholders register;
10) to request to view a copy of the Company's articles of association and bylaws unless the Company publishes them on its website; and
11) to nominate and elect the Board members.

Article 6: Shareholder access to information

a) The Board shall make available to the shareholder complete, clear, accurate and non-misleading information to enable him/her to properly exercise his/her rights. Such information shall be provided at the proper times and shall be updated regularly.

b) The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.
c) The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

Article 7: Communicating with Shareholders

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

Article 8: Electing the Board Members

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

Article 9: Distribution of Dividends

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

Chapter 2: Rights Related to the Meeting of the General Assembly

Article 10: Preamble

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

Article 11: Competencies of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the following Competencies:

1) amending the Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law;
2) increasing the Company's share capital in accordance with the situations provided by the Companies Law and Its Implementing Regulations;
3) decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and Its Implementing Regulations;
4) resolving to form a consensual reserve for the Company as provided for in its bylaws to be set aside for a specific purpose, and the disposal thereof;
5) resolving to maintain or liquidate the Company before the end of the term specified in its bylaws;
6) approving the Company's shares buy-back;
7) issuing preferred shares or approving their buying, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares as per the Company's bylaws and the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies;
8) issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds;
9) 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) 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.

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

Article 12: Competencies of the Ordinary General Assembly

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

1) appointing and dismissing Board members;

2) permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and Its Implementing Regulations;
3) permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations;
4) monitoring the compliance of the Board members with the provisions of the Companies Law and Its Implementing Regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and Its Implementing Regulations;
5) forming the audit committee pursuant to the provisions of the Companies Law and Its Implementing Regulations;
6) approving the Company's financial statement ;
7) approving the Board report;
8) deciding on the proposals of the Board with respect to the method of distributing the net profits;
9) appointing the external auditors of the Company, specifying their remunerations, reappointing them, replacing them and approving their reports;
10) 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;
11) resolving to withhold from setting aside statutory reserve when it reaches an amount equal to (30%) of the Company's paid share capital, and resolving to distribute the surplus of such percentage to the Company's shareholders in financial years where the Company does not generate net profits;
12) using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that using such reserve shall be based on a proposal submitted by the Board and used in ways that benefit the Company or the shareholders;
13) forming other reserves besides the statutory reserve and consensual reserve and disposal of the same;
14) setting aside amounts from the Company's net profits to set up social organisations for the benefit of the Company's employees or to assist any such existing establishments in accordance with Article (129) of the Companies Law; and
15) approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required.

Article 13: Shareholders' Assembly

a) 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.
b) The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year.
c) The General and Special Shareholders' Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and Its Implementing Regulations and the Company's bylaws. The Board shall invite the Ordinary General Assembly to convene upon the request of the external auditor, the audit committee or a number of shareholders holding shares equal to at least (5%) of the share capital of the Company. The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.
d) The date, place and agenda of the General Assembly shall be announced at least twenty one days prior to the date thereof; the invitation shall be published on the website of the Exchange, the Company's website and in a daily newspaper distributed in the province where the Company's head office is located. The Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies.
e) The Company may amend the agenda of the General Assembly within a period between publishing the announcement referred to in paragraph (d) of this Article and the date of convening the General Assembly meeting, provided that the Company shall announce this as prescribed in paragraph (d) of this Article.
f) Shareholders shall be granted the opportunity to effectively participate and vote in the General Assembly meetings. The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
g) The Board shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting.
h) The Company shall ensure recording the details of the shareholders who desire to attend at the Company's head office prior to the specified time for convening the assembly, unless the Company's bylaw state other means.

Article 14: The Agenda of the General Assembly

a) When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list; shareholders holding no less than (5%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation.
b) The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.

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

Article 15: Management of the Shareholders' Assembly

a) The Shareholders' 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).
b) The chairman of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly,, and avoid any procedure that may preventing their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.
c) Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardise the Company's interest.
d) Shareholders shall be granted access to the minutes of the General Assembly meeting; and the Company shall provide the Authority with a copy of such minutes within (10) days of the date of any such meeting.
e) A Company shall announce to the public and inform the Authority and the Exchange, as per the rules prescribed by the Authority, of the results of a General Assembly meeting immediately following its conclusion.

Part 3:The Board of Directors

Chapter 1: Formation of the Board

Article 16: Composition of the Board

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

1) the number of its members shall be suitable for the size and nature of the Company's activities without prejudice to paragraph (a) of Article 17 of these Regulations.
2) the majority of the Board members shall be of Non-Executive Directors.
3) the number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.

Article 17: Appointment of the Board members Board

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

Article 18: Conditions for the membership of the Board[1]

A member of the Board is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/her to perform his/her duties efficiently. He/she shall have the following qualifications in particular:

1) **Ability to lead**: He/she shall enjoy leadership skills which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.
2) **Competency**: He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics ,accounting, law or governance, as well as the desire to learn and receive training.
3) **Ability to guide**: He/she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical

1 Guiding Article

requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.

4) **Financial knowledge**: He/she shall have the ability to read and understand financial statements and reports.
5) **Physical fitness:** He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.

The General Assembly shall take into account, when electing members to the Board, the recommendations of the nomination committee and the availability of the personal and professional capabilities required to perform their duties effectively pursuant to this Article.

Article 19: Termination of a Board Membership

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

Article 20: Issues Affecting Independence

a) An Independent Director shall be able to perform his/her 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.
b) The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.
c) By way of example, the following negate the independence requirement for an Independent Director:
    1) if he/she holds 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/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group;
    3) if he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
    4) if he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
    5) if he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
    6) if he/she is an employee or used to be an employee, during the preceding two years, of the Company, of any party dealing with the Company or any company within

its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, held a controlling interest in any such parties;

7) if he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account;
8) 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/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
9) if he/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
10) if he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.[2]

d) Unless the Nominations Committee considers otherwise, the businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that affect the independence of the board member which require an authorisation 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.

Chapter 2: Responsibilities and Competencies of the Board

Article 21: Responsibility of the Board

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

Article 22: 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) 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:

2 The Capital Market Authority Board issued its Resolution Number 1-35-2018 Dated 9/7/1439H Corresponding to 26/3/2018G stating that the sub-paragraph (10) of paragraph (c) of Article 20 of the Corporate Governance Regulations is to be a mandatory paragraph starting from the term of the listed company's board that will be after 1/1/2019G.

a. setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them
b. determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
c. overseeing the main capital expenditures of the Company and the acquisition or disposal of assets;
d. setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company;
e. reviewing and approving the organisational and human resources structures of the Company on a periodic basis; and
f. ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.

2) setting rules and procedures for internal control and generally overseeing them, including:
   a. 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;
   b. ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports;
   c. ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company ; and
   d. reviewing the effectiveness of the Company's internal control procedures on an annual basis.
3) setting 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;
4) developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations;
5) setting 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;
6) supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;
7) providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
   a. increasing or decreasing the share capital of the Company; and
   b. dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
8) providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
   a. using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose;

b. forming additional financial allocations or reserves for the Company; and
c. the method of distributing the net profits of the Company.

9) preparing the Company's interim and annual financial statements and approving them before publishing them;
10) preparing the Board report and approving it before publishing it.
11) 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;
12) 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;
13) forming specialised 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;
14) 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 Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies;
15) setting the values and standards that govern the work at the Company;

Article 23: Distribution of Competencies and Duties

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

1) approve and develop internal policies in respect of the Company’s business, including specifying the duties, competencies and responsibilities assigned to the various organisational levels;
2) approving a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation\ The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers; and
3) identifying the matters on which the Board reserves the power to decide.

Article 24: Separation of Positions

a) without prejudice to the provisions of the Company's bylaws, The Board appoints a chairman, a vice chairman and may appoint a managing director of its members.
b) 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.

c) the Board shall define the competencies and specify the responsibilities of the chairman, the vice chairman, and the managing director (if any) explicitly and in writing if the Company's bylaws has no reference thereto.
d) in all cases, no person shall have the sole and absolute power to take decisions in the Company.

Article 25: 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) develop the necessary administrative and financial policies;
2) ensure that the Executive Management operates in accordance with the policies approved by the Board.;
3) select and appoint the Chief Executive Officer of the Company, and oversee his/her work;
4) appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration, if any;
5) 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) develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company;
7) review and evaluate the performance of the Executive Management; and
8) develop succession plans for the management of the Company.

Article 26: Competencies and Duties of the Executive Management

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

1) implementing the Company's internal policies and rules approved by the Board;
2) 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) proposing the most appropriate capital structure for the Company and its strategies and financial objectives;
4) proposing the main capital expenditures of the Company and acquiring and disposing of assets;
5) proposing the organisational and human resources structures of the company and presenting them to the Board for approval;
6) implementing internal control systems and procedures, and generally overseeing them, which include:
    a. implementing the conflicts of interest policy;

b. correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports;
c. applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and 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.

7) implementing the Company's Corporate Governance rules effectively, to the extent they do not conflict with the provisions of these Regulations, and proposing amendments thereto if needed;
8) 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;
9) providing the Board with the information required to exercise its competencies and provide recommendations regarding the following:
   a. increasing or decreasing the share capital of the Company;
   b. dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company;
   c. using the consensual reserve of the Company;
   d. forming additional reserves for the Company; and
   e. the method for distributing the net profits of the Company.
10) 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;
11) 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;
12) 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;
13) participating effectively in building and developing a culture of ethical values within the Company;
14) 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;
15) proposing and developing internal policies related to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organisational levels;
16) proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy; and
17) 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.

Chapter 3: Competencies of the Chairman and the Board Members

Article 27: 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) ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course;
2) ensuring that the Board effectively discusses all fundamental issues in due course;
3) representing the Company before third parties in accordance with the Companies Law and Its Implementing Regulations and the Company's bylaws;
4) encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
5) ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;
6) 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) 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) convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.
9) notifying the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has direct or indirect interest, the notification shall include the information provided by the member to the Board as per paragraph (14) of Article (30) of these Regulations; this notification shall be accompanied by a special report of the Company's external auditor.

Article 28: Appointing the Chief Executive Officer after the end of his/her services as Chairman of the Board [3]

It is prohibited to appoint the Chief Executive Officer, during the first year following the end of his/her service, as the chairman of the Board.

Article 29: Principles of truthfulness, honesty and loyalty

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

3 The Capital Market Authority Board issued its Resolution Number 4-52-2018 Dated 28/8/1439H Corresponding to 14/5/2018G stating that Article 28 of the Corporate Governance Regulations is to be Guiding Article.

1) **Truthfulness**: is achieved when the relationship between the Board member and the Company is an honest professional relationship, and he/she discloses to the Company any significant information before entering into any transaction or contract with the Company or any of its affiliates.
2) **Loyalty:** is achieved when the Board member avoids transactions that may entail conflicts of interest and ensures fairness of dealing, in compliance with the provisions relating to conflicts of interest in these Regulations.
3) **Care:** is achieved by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law and their implementing regulations and the Company's bylaws and other relevant laws.

Article 30: Tasks and Duties of the Board Members

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

1) providing proposals to develop the strategy of the Company;
2) monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company;
3) reviewing reports related to the performance of the Company;
4) ensuring the integrity and impartiality of the financial statements and information of the Company;
5) ensuring that the financial control and risk management systems are sound;
6) determining the appropriate level of remunerations of the members of the Executive Management;
7) expressing opinions as to the appointment and dismissal of members of the Executive Management;
8) participating in developing the succession and replacement plans of executive positions within the Company;
9) complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the bylaws when performing his/her 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) 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) allocating sufficient time to fulfill his/her 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) studying and analysing all information related to the matters looked into by the Board before expressing an opinion on the same;
13) 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) 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) notifying the Board fully and immediately of his/her 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) refraining from disclosing or announcing any secrets he/she came across through his/her 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) 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) recognising his/her duties, roles and responsibilities arising from the membership;
19) developing his/her knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields; and
20) resigning from the membership of the Board if he/she is unable to fully fulfill his/her duties in the Board.

Article 31: Duties of the Independent Director

Without prejudice to Article (30) of these Regulations, an Independent Director of the Board shall effectively participate in the following duties:

1) expressing his/her independent opinion in respect of strategic issues and the Company's policies and performance and appointing members of the Executive Management;
2) 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) overseeing the development of the Company's Corporate Governance rules, and monitoring the implementation of the rules by the Executive Management.

Chapter 4: Procedures of the Board Activities

Article 32: The Board Meetings

a) 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.
b) The Board shall convene no less than four meetings per year, and no less than one meeting every three months.[4]
c) The Board shall meet upon the invitation of its chairman or upon a request from two of its members. The invitation to the meeting shall be sent to each of the Board members no less than five days prior to the date of the meeting accompanied by its agenda and the necessary

4 Guiding paragraph

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.

d) The meeting shall not be valid unless attended by half of the Board members, provided that the number of attendees shall not be less than three, unless the Company's bylaws stated greater percentage or number.

Article 33: Remarks of the Board Members

a) 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.
b) 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.

Article 34: Organising the Attendance of the Board Meetings.

a) The Attendance of Board meetings, and dealing with cases of irregular attendance by members of such meetings shall be organised.
b) 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.

Article 35: The Agenda of Board Meetings

a) 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.
b) Each member of the Board is entitled to propose additional items to the agenda.

Article 36: Exercising the Competencies of the Board

a) 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.
b) Without prejudice to Paragraph (b) of Article (21) of these Regulations, 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.
c) 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.
d) The Board shall organise 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.

Article 37: The Secretary of the Board

a) The Board shall appoint a secretary among its members or a third party, whose competencies and remunerations shall be specified by a Board resolution, unless the Company's bylaws include provisions in connection therewith, provided that such powers shall include:
    1) 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 organised register, and including the names of the attendees and any reservations they expressed (if any),. Such minutes shall be signed by all of the attending members;
    2) retaining the reports submitted to the Board and the reports prepared by it;
    3) providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board member;
    4) ensuring that the Board members comply with the procedures approved by the Board;
    5) notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
    6) presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
    7) 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) coordinating among the Board members;
    9) regulating the disclosure register of the Board and Executive Management as per Article (92) of these Regulations; and
    10) providing assistance and advice to the Board members.
b) The Secretary of the Board may not be dismissed except pursuant to a decision of the Board.

Article 38: Qualifications of the Secretary[5]

The Board must specify the conditions that the secretary must meet, provided that they include at least one of the following:
1) he/she holds a bachelor degree in law, finance, accounting or administration or their equivalent, and has relevant practical experience of not less than three years; or
2) he/she has relevant practical experience of not less than five years.

Chapter 5: Training, Support and Assessment

Article 39: Training [6]

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

5 Guiding Article
6 Guiding Article

1) preparing programmes for the recently-appointed Board members and Executive Management to familiarise them with the progress of the Company's business and activities, particularly the following:
   a. the strategy and objectives of the Company;
   b. the financial and operational aspects of the Company's activities;
   c. the obligations of the Board members and their duties, responsibilities and rights;
   d. the duties and competencies of the committees of the Board.
2) developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

Article 40: Providing Members with Information

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

Article 41: The Assessment[7]

a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.
b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment.
c) The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general.
d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof.
e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.
f) Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that

7 Guiding Article

weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

Chapter 6: Conflicts of Interest

Article 42: Dealing with Conflicts of Interest and Related Parties Transactions

Without prejudice to the provisions of the Companies Law and Its Implementing Regulations, conflicts of interest situations and Related Parties transactions shall be dealt with in accordance with the provisions of this Chapter.

Article 43: Conflicts of Interest Policy

The Board shall develop an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders. This policy shall include the following in particular:

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

Article 44: Avoiding Conflicts of Interest

a) A member of the Board shall:
    1) perform his/her duties with honesty and integrity, and prioritise the interests of the Company over his/her own interest, and not use his/her position to achieve personal interests;
    2) avoid situations of conflicts of interest and notify the Board of situations of conflict which may affect his/her neutrality when looking into matters presented before the Board. The Board shall not allow such member to be involved in deliberations and shall not count his/her vote when voting on such matters in the Board and the Shareholders Assemblies meetings; and

3) protect the confidentiality of the information related to the Company and its activities, and not disclose any of such information to any person.

b) Each Board member is prohibited from:
   1) 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/she has a direct or indirect interest therein.
   2) misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his/her capacity as a member of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Board member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his/her knowledge during his/her membership in the Board.

Article 45: Disclosure of Conflicts of Interest by the Nominee

A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:

1) having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.
2) engaging in business that may compete with the Company or any of its activities.

Article 46:Rules of Competing with the Company

Without prejudice to Article (72) of the Companies Law and other relevant provisions in these regulations, if a member of the Board desires to engage in a business that may compete with the Company or any of its activities, the following shall be taken into account:

1) notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
2) the conflicted member shall abstain from voting on the related decision in the Board meeting and General Assemblies.
3) the chairman of the Board informing 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/she 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 and published on the company's website, provided that such businesses are assessed on annual basis.
4) obtaining an authorisation of the Ordinary General Assembly of the Company for the member to engage in the competing business.

Article 47: Concept of the Competing Businesses

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

1) the Board members' establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity engages in business activities that are similar to the activities of the Company or its group.

2) accepting membership in the Board of a company, an entity that competing with the Company or its group, or managing the affairs of a competing sole proprietorship or any competing company of any form, except the company's affiliates.
3) the Board member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its group.

Article 48: Rejection to Grant Authorisation

If the General Assembly rejects granting the authorisation pursuant to Article(72) of the Companies Law and Article (46) of these Regulations, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from competing the company or regularise his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

Article 49: Accepting Gifts

No member of the Board or Senior Executives may accept gifts from any person who has entered into commercial transactions with the Company if such acceptance of gifts may lead to a conflicts of interest.

PART 4: Company Committees

Chapter 1: General Provisions

Article 50: Forming the Committees

Without prejudice to Article (101) of the Companies Law and Article (54) of these Regulations, the Board shall form specialised 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 relief 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 remuneration and nomination committees into one committee named remuneration and nomination committee. In such case, the remuneration and nomination committee must satisfy the requirements related to any of them as set forth in Chapter 3 and 4 of this Part, and exercise all the powers set forth in Article (61) and (65) of these Regulations, provided that the committee convenes periodically at least every six months.

Article 51: Committees Membership

a) A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve a conflicts 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 principles of truthfulness, honesty, loyalty, and care and shall attend to the interests of the Company and its shareholders, and prioritise them over their personal interests.

b) The Company shall take into consideration while forming the remuneration and nomination 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.

c) 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 these Regulations.

Article 52: Studying Subjects

a) 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 (21) of these Regulations.
b) 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.

Article 53: Committees Meetings

a) 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/her opinion or advice.
b) 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.
c) 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 organised 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.

Chapter 2: The Audit Committee

Article 54: Audit Committee Formation

a) An audit committee shall be formed by a resolution of the Company's Ordinary General Assembly, and the members of the audit committee shall be from the shareholders or others, provided that at least one of its members is an Independent Director and that no Executive Director is among its members. The number of the members of the audit committee shall not be less than three or more than five, provided that one of its member is specialised in finance and accounting.
b) The chairman of the audit committee shall be an Independent Director.[8]
c) The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of

8 Guiding paragraph

their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.

d) Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the audit committee.

Article 55: Competencies, powers and responsibilities of the Audit Committee

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

a) Financial Reports:

1) analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
2) providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
3) analysing any important or non-familiar issues contained in the financial reports;
4) accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
5) examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
6) examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

b) Internal Audit:

1) examining and reviewing the Company's internal and financial control systems and risk management system;
2) analysing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
3) monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
4) providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.

c) External Auditor:

1) providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
2) verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
3) reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;

4) responding to queries of the Company's external auditor; and
5) reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

d) Ensuring Compliance:

1) reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
2) ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
3) reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
4) reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Article 56: Conflict between the Audit Committee and the Board

If a conflict arises between the recommendations of the audit committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

Article 57: Audit Committee Meetings

a) The audit committee shall convene periodically, provided that at least four meetings are held during the Company's financial year.
b) The audit committee shall convene periodically with the Company's external auditor and internal auditor, if any.
c) The internal auditor and the external auditor may call for a meeting with the audit committee at any time as may be necessary.

Article 58: Arrangements for Providing Remarks

The audit committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The audit committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

Article 59: Powers of the Audit Committee

In order to perform its duties, the audit committee may:

1) review the Company's records and documents.
2) request any clarification or statement from the Board members or the Executive Management.
3) request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

Chapter 3: Remuneration Committee

Article 60: Composition of the Remuneration Committee

a) The Company's Board shall, by resolution thereof, set up a committee to be named the "remuneration committee." Members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.
b) The Company's General Assembly, as per the Board recommendation, issues a regulation for the remuneration committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations.

Article 61: Competencies of the Remuneration Committee

The competences of the remuneration committee are:

1) preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;
2) clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
3) periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
4) providing recommendations to the Board in respect of the remunerations of its members, the committees members and Senior Executives, in accordance with the approved policy.

Article 62: Remuneration Policy

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

1) be consistent with the Company's strategy and objectives;
2) 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, by for example making the variable part of the remuneration linked to the long-term performance;
3) determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance;
4) be consistent with the magnitude, nature and level of risks faced by the Company;
5) take into consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations;
6) attract talented professionals and retain and motivate them without exaggeration;
7) be prepared in coordination with the nomination committee in respect of new appointments;
8) 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; and

9) regulating the grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.

Article 63: Meetings of the Remuneration Committee

The remuneration committee shall convene periodically at least once a year, and as may be necessary.

Chapter 4: Nomination Committee

Article 64: Composition of the Nomination Committee

a) The Company's Board shall, by resolution thereof, form a committee to be named the "nomination committee,". Members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.
b) The Company's General Assembly, as per the Board recommendation, issues a regulation for the nomination committee including its procedures, duties and rules for selecting its members, the term of their membership and their remunerations.

Article 65: competences of the Nomination Committee

The competences of the nomination committee shall include the following:
1) suggesting clear policies and standards for membership of the Board and the Executive Management;
2) providing 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 turpitude or dishonesty;
3) preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
4) determining the amount of time that the member shall allocate to the activities of the Board;
5) annually reviewing the skills and expertise required of the Board members and the Executive Management;
6) reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
7) annually ensuring 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;
8) providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
9) setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
10) determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.

Article 66: the Nomination Procedures

a) When nominating a Board member, the nomination committee shall take into consideration the provisions of these Regulations and the requirements set by the Authorities; and
b) The number of nominees to the Board whose names are presented to the General Assembly shall be more than the number of available seats to give a chance to the General Assembly to select the Board members among those nominees.[9]

Article 67: Meetings of the Nomination Committee

The nomination committee shall convene periodically at least once a year, and as may be necessary.

Article 68: Publishing the Nomination Announcement

The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

Article 69: Nomination Rights of Shareholders

None of the provisions of this Chapter shall prejudice the right of any shareholder to nominate him/herself or others to the membership of the Board in accordance with the provisions of the Companies Law and Its Implementing Regulations.

Chapter 5: Risk Management Committee

Article 70: Composition of the Risk Management Committee[10]

The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.

Article 71: Competencies of the Risk Management Committee[11]

The competences of the risk management committee shall include the following:
1) developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors;
2) determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level;

9 Guiding paragraph
10 Guiding Article
11 Guiding Article

3) Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months;
4) overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein;
5) Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example);
6) preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board;
7) providing recommendations to the Board on matters related to risk management;
8) ensuring the availability of adequate resources and systems for risk management;
9) reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board;
10) verifying the independence of the risk management employees from activities that may expose the Company to risk;
11) ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk; and
12) reviewing any issues raised by the audit committee that may affect the Company's risk management.

Article 72: Meetings of the Risk Management Committee[12]

The risk management committee shall convene periodically at least once every six months, and as may be necessary.

12 Guiding Article

PART 5: Internal Control

Article 73: Internal Control System

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

Article 74: Establishing Independent Units or Departments within the Company

a) For purposes of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks and for internal auditing.
b) The Company may utilise external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies.

Article 75: Duties of the Internal Audit Unit or Department

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

Article 76: Composing An Internal Audit Unit or Department[13]

The internal audit unit or department shall be composed of at least one internal auditor whose appointment is recommended by the audit committee. Such internal auditor shall be responsible before the audit committee. The formation and operation of the internal audit unit or department shall take into consideration the following:

1) employees of such department 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) the department shall report to the audit committee, and shall be subordinate and accountable to it;
3) the remunerations of the manager of the audit unit or department shall be determined by the a recommendation of the audit committee as per Company's policies; and
4) the department or unit shall be given access to information and documents, and shall be able to obtain the same without any restrictions.

13 Guiding Article

Article 77: Internal Audit Plan[14]

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

Article 78: Internal Audit Report[15]

a) The internal audit unit or department shall prepare and submit a written report on its activities at least quarterly to the Board and the audit committee. Such report shall include an assessment of the Company's internal control system and the final opinion and recommendations of the unit or department. Such report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure;
b) The internal audit unit or department shall prepare a general written report to be submitted to the Board and the audit committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year;
c) The Board shall specify the scope of the report of the internal audit unit or department, based on recommendations from the audit committee and the internal audit unit or department. The report shall include the following in particular:
    1) procedures for monitoring and overseeing the financial affairs, investments and risk management;
    2) assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes in the Exchange;
    3) an assessment of the performance of the Board and the Senior Management with respect to the implementation of internal control systems, including specifying the number of times the Board has been informed of control issues (including risk management) and a description of the method followed to address such issues;
    4) failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures (particularly the issues disclosed in the Company's annual reports and its financial statements);
    5) the extent to which the Company has complied with the internal controls when determining and managing risks; and
    6) information describing the Company's risk management operations.

Article 79: 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.

14 Guiding Article
15 Guiding Article

PART 6: The Company’s External Auditor

Article 80: Assigning the Audit Function

The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company’s financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas.

Article 81: 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 authorised 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.

Article 82: 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 7: Stakeholders

Article 83: Regulating the Relationship with Stakeholders[16]

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

1) methods to compensate Stakeholders when their rights established by laws or protected by contracts are infringed;
2) methods for resolving complaints or disputes that may arise between the Company and the Stakeholders;
3) methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information;
4) rules of professional conduct for Company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with Stakeholders, provided that the Board shall establish mechanisms for supervising the implementation of, and compliance with such rules;
5) the Company's social contributions;
6) ensuring that the Company's transactions with Board members and Related Parties are entered into on terms identical to the terms of transactions with Stakeholders without any discrimination or bias;
7) Stakeholders obtaining of information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient and shall be provided in timely manner and on a regular basis; and
8) treating Company employees pursuant to the principles of justice and equality and without discrimination.

Article 84: Reporting Non-Compliant Practices

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

1) facilitating the method by which Stakeholders (including Company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard;
2) maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the audit committee or other specialised committees;
3) appointing an employee to receive and address complaints or reports sent by Stakeholders;
4) dedicating a telephone number or an email address for receiving complaints; and
5) providing the necessary protection to the Stakeholders.

16 Guiding Article

Article 85: Employee Incentives[17]

The Company shall establish programmes for developing and encouraging the participation and performance of the Company's employees. The programmes shall particularly include the following:

1) forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;
2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and
3) establishing social organisations for the benefit of the Company's employees.

17 Guiding Article

PART 8: Professional and Ethical Standards

Article 86: 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/her 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, at all times, prioritise the Company's interests over his/her own interests;
2) a Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other 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/herself 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.

Article 87: Social Responsibility[18]

The Ordinary General Assembly, based on the Board recommendation, shall 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.

Article 88: Social Initiatives[19]

The Board shall establish programmes 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 programmes to the community to familiarise them with the Company's social responsibility.

18 Guiding Article
19 Guiding Article

PART 9: Disclosure and Transparency

Article 89: Policies and 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) such policies shall include proper disclosure methods that enable the shareholders and other Stakeholders to access the financial and non-financial information pertaining to the Company's performance and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position;
2) disclosure to shareholders and investors shall be made without discrimination in a clear, correct and non-misleading 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) the Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods;[20]
4) reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure; and
5) the disclosure policies shall be reviewed periodically and their compliance with the best practices and the provisions of the Capital Market Law and its implementing rules shall be verified.

Article 90: The Board's Report

The Board's report shall include the Board's operations during the last fiscal year and all factors that affect the company's businesses , such report shall include the following:

1) implemented and non-implemented provisions of these Regulations, and justifications therefor;
2) names, qualifications, and experience of the Board and committees members and Executive Management;
3) names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager;
4) composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Director, or Independent Director;
5) Procedure taken to the Board to inform its members , Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance.
6) a brief description of the competencies and duties of the committees, such as the audit committee, the nomination committee and the remuneration committee indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting;

20 Guiding paragraph

7) Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any;
8) disclose the remuneration of the Board members and Executive Management as stated in Article (93) of these Regulations;
9) any punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future;
10) results of the annual review of the effectiveness of the internal control procedures of the Company and the opinion of the audit committee with respect to the adequacy of the Company's internal control system;
11) the audit committees recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor.
12) the audit committees recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.
13) details of the Company's social contributions, if any;
14) a list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them.
15) a description of the main scope of business of the company and its affiliates. If there are two or more, a statement showing each activity and how it affects the company businesses and results shall be attached.
16) a description of the company's significant plans and decisions (including changes to the structure, expanding the company's operations or halting them) and the future expectations.
17) information on any risks facing the company (operational, financial or market related) and the policy of managing and monitoring these risks.
18) a summary in a form of table or graph showing the company's assets, liabilities and results of the last five fiscal year or since the incorporation date, whichever is shorter.
19) geographical analysis of the company's and its affiliates' revenues.
20) any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the company.
21) any inconsistency with the standards approved by the Saudi Organisations for Certified Public Accountant.
22) name of each affiliate company, its capital, the company's ownership percentage, the main scope of business, country of operation and country of incorporation.
23) details of shares and debt instruments issued for each affiliate company.
24) a descriptions of the dividends distribution policy.
25) a description of any interest in a class of voting shares held by persons (other than the company’s directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article 67 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year;
26) a description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its affiliates, and any change on these interest or rights during the last fiscal year.

27) information on any loans (payable upon request or not), a statement of the total indebtedness of the company and its affiliates, any amounts paid by the company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there is no debts, a declaration thereof shall be presented.
28) a description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard.
29) a description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company;.
30) description of any redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates.
31) the number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees.
32) numbers of company's requests of shareholders records, dates and reasons thereof.
33) a description of any transaction between the company and any Related Party.
34) information relating to any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, 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.
35) a description of any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration.
36) a description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.
37) a statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor.
38) a statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company.
39) declarations that:
    a. proper books of account have been maintained;
    b. the system of internal control is sound in design and has been effectively implemented; and
    c. there are no significant doubts concerning the company's ability to continue its activity.
40) if the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information.
41) if the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation.

Article 91: The Audit Committee's Report

a) The report of the audit shall include details of its performance of its competencies and duties stated in the Companies Law and Its Implementing 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.

b) 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.

Article 92: Disclosure by the Board

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

1) maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulations; and
2) making such register available for review by the Company's shareholders free of charge.

Article 93: Disclosure of Remunerations

a) The Board shall:
   1) disclose the remuneration policy and the method by which remunerations of the Board and executive management are determined;
   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;
   3) explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy;
      Board
   4) a description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:
      a. Board members;
      b. 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.[21]
      c. members of committees.

b) The disclosures in this article and in the Board report shall be pursuant to the appended schedule.

21 The Capital Market Authority Board issued its Resolution Number 1-35-2018 Dated 9/7/1439H Corresponding to 26/3/2018G stating that the remunerations of senior executives mentioned in sub-paragraph (b) of paragraph (4) of Article 93 of the Corporate Governance Regulations is to be disclosed collectively.

Part 10: Implementation of Corporate Governance

Article 94: 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 authorise the audit committee or any other committee or department to undertake this task.

Article 95: Formation of a Corporate Governance Committee[22]

If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.

22 Guiding Article

Part 11: Retaining of Documents

Article 96: Retaining of Documents

A company shall retain all minutes, documents, reports and other papers required to be maintained in the company's head office for at least ten years as per these Regulations. This shall include the Board report and audit committee report. Without prejudice to this period, a company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

Part 12: Closing Provisions

Article 97: Providing the Additional data and Information

The Authority may request from the Company any additional information or details it deems necessary to verify the extent of its compliance with the provisions of these Regulations.

Article 98: Publication and Entry into Force

These Regulations shall be effective as per its approval resolution.

Appendix (1) Remuneration Schedule

Board Remuneration

	Fixed remunerations							Variable remunerations									
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings committee	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total	End-of-service award	Aggregate Amount		Expenses Allowance
First: Independent Directors																	
1-																	
2-																	
3-																	
Total																	
Second: Non-Executive Directors																	
1-																	
2-																	
3-																	
Total																	
Third: Executive Directors																	
1-																	
2-																	
3-																	
Total																	

Remunerations of Senior Executives [23]

Senior Executives	Fixed remunerations				Variable remunerations						End-of-service award	Total remunerations for Board executives, if any	Aggregate Amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the	Total			
1- CEO													
2- CFO													
3-													
4-													
5-													
Total													

23 The Capital Market Authority Board issued its Resolution Number 1-35-2018 Dated 9/7/1439H Corresponding to 26/3/2018G stating that the table for disclosure of senior executive remunerations specified in Appendix (1) of the Corporate Governance Regulations is of guiding nature, and the disclosure of senior executives' remunerations in the Board of Directors' reports, which will be issued for the financial periods beginning on 1/1/2020, shall be detailed in accordance with the table for the disclosure of senior executives remunerations specified in Appendix (1) of the Corporate Governance Regulations.

Committees Members Remuneration

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Audit Committee Members			
1-			
2-			
3-			
Total			
Remuneration Committee Members			
1-			
2-			
3-			
Total			
Nomination Committee Members			
1-			
2-			
3-			
Total			
Risks Committee Members			
1-			
2-			
3-			
Total			
(……) Committee Members			
1-			
2-			
3-			
Total			