

## **Corporate Governance Regulation**

**Fawaz Abdul-Aziz AL HOKAIR & Partners Co.**

**1442 A.H - 2021 A.D.**

**Second Edition - First version**

**Monitoring the Governance Regulation Amendment:**

Document approval	Version	Date
Board of Directors	1	

## Table of Contents

Part One: Preliminary Provisions .....	5
Article 1: Definitions.....	5
Article Two: Preamble .....	10
Article Three: Objective .....	10
Article 4: Introduction.....	11
Article Five: The Organizational Structure of Governance .....	12
Chapter Two: Shareholders' Rights.....	17
Article 6: Fair treatment of shareholders .....	17
Article Seven: Rights Related to Shares .....	17
Article Eight: Voting Rights.....	18
Article 9: Shareholder's access to information.....	19
Article 10: Communication with Shareholders.....	19
Article Eleven: Getting Profits.....	19
Article 12: Rights related to the meeting of the General Assembly .....	20
A- The Extraordinary General Assembly shall be concerned with the following: .....	20
Article Thirteen: Shareholders Assembly .....	24
Article Fourteen: Agenda of the General Assembly .....	25
Article 15: Management of the shareholders' assembly .....	26
Article Sixteen: Functions and Duties of the Executive Management .....	26
Chapter Three: Company Committees.....	29
Article Seventeen: Formation of Committees .....	29
Article Eighteen: Membership of Committees .....	30
Article Nineteen: Study of Subjects .....	31
Article 20: Committee meetings .....	31

Chapter Four: Internal Control.....	32
Article Twenty-first: Internal Control System .....	32
Article 22: Establishing independent units or departments in the company.....	32
Article Twenty Three: Tasks of the Internal Audit Unit or Department.....	32
Article 24: Keeping internal audit reports.....	32
Chapter Five: The Company's Auditor .....	33
Article 25: Assigning the task of the auditor .....	33
Article 26: Appointment of the auditor .....	33
Article Twenty Seven: Duties of the Auditor .....	33
Chapter Six: Implementing Corporate Governance.....	34
Article 28: Implementing Effective Governance.....	34
Chapter Seven: Maintaining Documents.....	34
Article 29: Maintaining Documents.....	34
Chapter Eight: Final Provisions.....	35
Article 30: Accreditation and implementation .....	35

## Part One: Preliminary Provisions

### Article 1: Definitions

S.N	Words and Phrases	Meanings
1	Corporate system	The Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437 AH.
2	Financial market system	The Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH
3	Rules for Offering Securities and Continuing Obligations	Rules for offering securities and continuing obligations issued by the Capital Market Authority.
4	Corporate Governance Regulations	Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/5/1438 AH corresponding to 13/2/2017 AD based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437 AH as amended Decision of the Board of the Capital Market Authority No. 1-7-2021 dated 1/6/1442 AH corresponding to 14/1/2021 AD.
5	Listing Rules	Listing rules approved by the Board of the Capital Market Authority.
6	Company	Fawaz Abdul-Aziz Al HOKAIR & Partners Co.
7	Commission	Financial Market Authority.
8	Market	The Saudi Stock Exchange (Tadawul).

9	Board of Directors	The Company Board of Directors.
10	Corporate Governance	Rules for the leadership and direction of the company that include mechanisms to regulate the various relations between the board of directors, executive directors, shareholders and stakeholders, by setting special rules and procedures to facilitate the decision-making process and impart transparency and credibility to it in order to protect the rights of shareholders and stakeholders and achieve justice, competitiveness and transparency in the market and business environment.
11	Shareholders Assembly	An association formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
12	Executive Member	A member of the Board of Directors who is full-time in the executive management of the company and participates in its daily business.
13	Non-executive member	A member of the board of directors who is not dedicated to managing the company and does not participate in its daily business.
14	Independent Member	A non-executive board member enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in Article 20 of the Corporate Governance Regulations apply to him.
15	Executive management or senior	Persons entrusted with managing the company's daily operations, and proposing and implementing strategic

	executives	decisions, such as the CEO, his deputies and the financial manager.
16	Relatives or kinship	<p>Fathers, mothers, grandfathers, and grandmothers, even if they are older.</p> <p>Boys, and their children, even if their grandchildren.</p> <p>Brothers and sisters, or a father, or a mother.</p> <p>Husbands and wives.</p>
17	Holding Company	A joint stock or limited liability company that aims to control other joint stock or limited liability companies called the subsidiary company, by owning more than half of the capital of those companies or by controlling the formation of their board of directors.
18	Person	Any natural or legal person recognized by the laws of the Kingdom as such.
19	Related parties	<p>A. Major shareholders of the company.</p> <p>B. Members of the Board of Directors of the company or any of its subsidiaries and their relatives.</p> <p>C. Senior executives of the company or any of its subsidiaries and their relatives.</p> <p>D. Board members and senior executives of major shareholders in the company.</p> <p>E. Establishments - other than companies - owned by a member of the Board of Directors or a senior executive or their relatives.</p> <p>F. Companies in which any of the members of the</p>

		<p>Board of Directors or senior executives or their relatives are a partner.</p> <p>G. Companies in which any of the board members or senior executives or their relatives is a member of its board of directors or one of its senior executives.</p> <p>H. Joint stock companies in which any of the members of the board of directors or senior executives or their relatives owns (5%) or more, taking into account what is stated in paragraph (d) of this definition.</p> <p>I. Companies in which any of the members of the board of directors or senior executives or their relatives have influence in its decisions, even if by giving advice or guidance.</p> <p>j. Any person whose advice and guidance influence the decisions of the company, members of its board of directors and senior executives.</p> <p>K. Holding companies or subsidiaries of the company.</p> <p>Paragraphs (i) and (j) of this definition are excluded from advice and directions that are professionally provided by a person authorized to do so.</p>
<b>20</b>	The group	in relation to a person, means that person and each of its subordinates.
<b>21</b>	Affiliates	A person who controls another person, is controlled by that other person, or is jointly controlled by that other person by a third person. In any of the above,



		control is direct or indirect.
22	Stakeholders	Everyone who has an interest in the company, such as employees, creditors, customers, suppliers, and society.
23	Major shareholders	Anyone who owns (5%) or more of the company's shares or voting rights therein.
24	Cumulative vote	A voting method for selecting members of the board of directors that gives each shareholder a voting power according to the number of shares he owns; So that he has the right to vote for one candidate or to divide it among the candidates he chooses without repeating these votes.
25	Share control	The ability to influence the actions or decisions of another person, directly or indirectly, individually or in combination with a relative or dependent, through: (a) owning 30% or more of the voting rights in a company; (B) The right to appoint 30% or more of the members of the administrative body.
26	Administrative body	The group of individuals who make strategic decisions for a person. The company's board of directors is its administrative body.
27	Rewards	Amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other benefits in kind, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the Board of Directors for the purpose of performing his work.

28	Chief Executive Officer	CEO of the company.
29	Day	A calendar day whether it is a business day or not.

### Article Two: Preamble

This regulation defines the general framework for corporate governance in the company and applies the provisions of this regulation in accordance with the articles of association and articles of association of the company and the relevant regulations governing the company's business without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations and the regulatory controls and procedures issued in implementation of the Companies Law for Listed Shareholding Companies and other regulations Related.

### Article Three: Objective

This regulation sets out a set of policies, rules and standards adopted by the company's board of directors, which monitors through the company's operations to achieve its goals and plans, and its keenness to adhere to the best practices that help the board of directors carry out its duties and responsibilities towards the company and shareholders. This system aims to achieve the following:

- 1- Developing mechanisms that help in achieving the company's goals and strategy.
- 2- Setting effective mechanisms and policies for managing the affairs of the company and its subsidiaries, and activating decision-making mechanisms and supervisory procedures.
- 3- Protecting the interests and rights of shareholders and activating their role.

- 4- A statement of the functions and responsibilities of the Board of Directors and the Executive Management.
- 5- Activating the role of the Board of Directors and the committees and developing their efficiency to enhance the decision-making mechanisms in the company.
- 6- Achieving transparency, integrity and justice in the company's work environment and promoting disclosure in it.

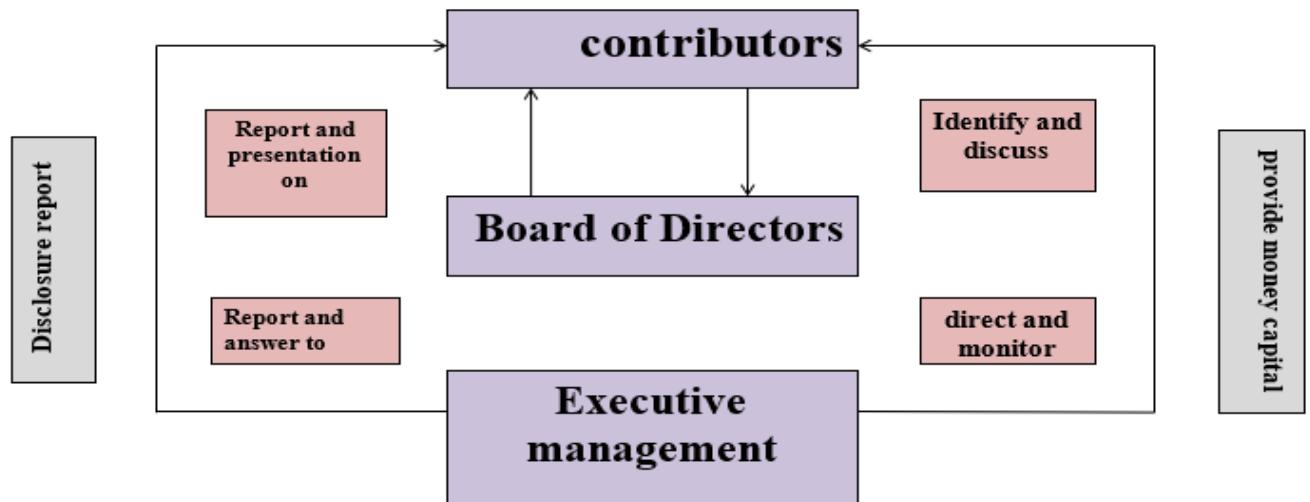
This guide is applied to the company as a joint stock company listed on the Saudi stock market, and it regulates the relations between the board of directors, executive directors, shareholders and stakeholders, by setting special rules and procedures to facilitate the decision-making process and to impart transparency and credibility to it in order to protect the rights of shareholders and stakeholders and achieve justice, competitiveness and transparency in market and business environment.

#### **Article Four: Introduction**

- 1- Based on the company's policy and direction to provide its shareholders and stakeholders with transparent and credible information, to strengthen its relations with all relevant parties, to improve its performance and the soundness of decision-making procedures, this regulation has been approved to achieve optimal management of the company's affairs, activate the work of the Board of Directors and its committees, and to provide an opportunity for shareholders and other stakeholders to learn about the standards and principles of corporate governance in force in the company and to raise the degree of confidence they have through the regulations and policies followed for the conduct of the business of the company and its subsidiaries.
- 2- The regulations are reviewed whenever needed to be in line with the relevant regulations in force in the Kingdom of Saudi Arabia and issued by the Capital Market Authority, including the rules for offering securities, continuing obligations, listing rules and corporate governance regulations; In addition to

the Companies Law and the instructions issued by the Capital Market Authority and the Ministry of Commerce and Investment in order to enhance the company's corporate governance practices.

### Article Five: The Organizational Structure of Governance



- 1- The relationship between shareholders and management is based on the separation of management from ownership through the shareholders paying the capital to the company and managing it by the board of directors in order to achieve a return on the shareholders' investment. The directors should be keen to provide the shareholders on a regular and transparent basis; The financial and operational reports that clarify the company's position for discussion in the General Assembly.
- 2- The shareholders appoint (the board of directors) to manage the company in the best way in order to achieve the best return for the shareholders. The main role of the board of directors is to set the strategic directives for the company's senior management and monitor them, and the higher management bears the responsibility for managing the company's business and reporting to the board of directors.
- 3- The organizational structure of corporate governance explains the mechanism of work in the company, and depends on the leading international practices in

relation to corporate governance according to the nature of the activity and the size of the company.

**The organizational structure of corporate governance consists of the following:**

**A. Shareholders:**

The company is committed to providing all the information required to be provided in a system to the shareholders so that they can fully exercise their rights. Therefore, this information must be sufficient and accurate and be updated regularly and presented in an orderly manner to the shareholders for discussion in the Ordinary General Assembly through the application of an effective method of communicating with the shareholders of the company that ensures that one shareholder is not preferred over another in giving this information.

The concerned shareholder here is any individual, group or institution that owns one or more shares in the company and in whose name the share certificate is issued. Each shareholder - whatever the number of his shares - may attend, participate and vote in the meetings of the general assembly. Therefore, any measure that may prevent the shareholders from exercising any of their rights, including the right to vote, shall be avoided.

**B. Board of Directors:**

The Board of Directors is elected by the shareholders to oversee the management of the business and affairs of the company. The main responsibility of the board is to ensure the continuity of the company and to ensure that it is managed in the interest of the shareholders.

**C. Chairman of the Board:**

The main responsibilities of the Chairman of the Board are to lead the Board, and to facilitate contributions and constructive initiatives by all Board members to ensure the effectiveness of the Board in performing its functions as a whole; By exercising his duties and responsibilities.

#### **D. Vice-Chairman of the Board of Directors:**

The Vice-Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence.

#### **E. Secretary of the Board of Directors:**

The main responsibilities of the Secretary of the Board of Directors are to communicate with members of the Board of Directors, prepare and arrange meetings of the Board and committees, prepare their minutes so that they are signed by all members of the Board present, record decisions in the company's records and sign alongside the Chairman of the Board of Directors, as well as prepare for shareholders' assemblies Ensuring that all legal requirements are met and compliance with the bylaws, regulations, and articles of association of the company and what is mentioned in this guide regarding the holding of these meetings and work to ensure their success.

#### **F. Board Committees**

##### **1. Audit Committee:**

The Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of its reports, financial statements and internal control systems. For this purpose, it has the right to review the companies' records and documents and to request any clarification or statement from the members of the Board of Directors or the Executive Management.

##### **2. The Nominations and Remunerations Committee:**

The Nominations and Remunerations Committee is in charge of identifying qualified candidates to become members of the Board of Directors, recommending appointments of members to the Board of Directors, recommending appointments of Board members to each of the Board committees, supervising all matters related to the compensation of Board members and executive directors, and periodically reviewing the independence of Board members, evaluate the company's overall compensation and remuneration structure.

### **3. The Executive Committee:**

The Executive Committee studies the new economic plans, submits initial approvals on issues of importance that may be outside the powers of the CEO or Managing Director, and raises votes to the Board of Directors.

### **G. Chief Executive Officer:**

The CEO is responsible for the company's overall financial and operational performance, developing the implementation of the company's strategy, and implementing the company's annual business plans approved by the Board of Directors. It also acts as a link between the board of directors and the managing director, and the executive management of the company.

### **H. Internal Audit:**

The Internal Audit Department undertakes the task of evaluating the internal control system, supervising its application, and verifying the compliance of the company and its employees with the applicable laws, regulations and instructions, and the company's policies and procedures.

## **I. The main principles of the corporate governance guide and policy**

### **1. leadership**

In terms of leadership assets, the company is headed by an effective board that is entirely responsible for its continuity, either ensuring the company's long-term success and growth. There is a clear distribution of the responsibilities of the members of the Board between the leadership of the company and the executive responsibility for managing its business, as no person has unrestricted decision-making powers alone, but everything is governed within frameworks. The chairperson of the council shall be responsible for leading the council and ensuring its effectiveness in all matters relating to its role. Emphasizing the integrative role of the board members, the non-executive board members should meet their challenges in a constructive spirit and help develop and develop proposals that support a strategy.

### **2. Efficiency**

The members of the Board and its committees enjoy an appropriate balance of skills, experience, independence and knowledge of the company, each to the extent that he can effectively fulfill his duties and responsibilities, and establish formal rules and procedures within a framework of transparency to be followed when appointing new members to the Board, and emphasizing that all Board members allocate sufficient time for the company to fulfill their responsibilities Effectively and ensuring that the Council is provided in an appropriate manner and periodically with information in an appropriate format and quality to enable it to fulfill its duties.

### **3. Accountability**

The board provides a balanced and realistic assessment of the company's position and future prospects. It shall also be the responsibility of the Board to implement sound systems for risk management and internal control.

The Board establishes the necessary formal arrangements for the reporting system, risk management, internal control, internal audit, and maintains an appropriate relationship with the company's external audit.

### **4. Reward**

Adequate remuneration levels are designed to attract, retain and motivate competent people to achieve the required quality to successfully run the company, while avoiding paying more than is necessary for this purpose, provided that the remuneration does not exceed the permissible amount in the relevant regulations and circulars, and the remuneration of the managing director and executive management must be linked the levels of collective and individual performance of the company, and it is prohibited to allow any manager to decide his personal remuneration.

### **5. Dialogue with shareholders**

The Board is responsible for building a dialogue with shareholders based on a common understanding of the objectives, especially during the various sessions of the shareholders' general assemblies. In this regard, the Board as a whole bears the responsibility to ensure acceptable dialogue with the shareholders.



The Board must communicate with the opinion of the shareholders in all practical and effective ways.

## **Chapter Two: Shareholders' Rights**

### **Article Six: Fair treatment of shareholders**

- 1- The Board of Directors is obligated to work to protect the rights of shareholders in a way that guarantees justice and equality among them.
- 2- The company's board of directors and executive management are obligated not to discriminate between shareholders who own the same class of shares, and not to withhold any right from them.
- 3- The company shall specify in its internal policy the necessary procedures to ensure that all shareholders exercise their rights.

### **Article Seven: Rights Related to Shares**

The shareholder shall have all rights attached to the share, especially the following:

- 1- Obtain his share of the net profits to be distributed in cash or by issuing shares.
- 2- Obtaining his share of the company's assets upon liquidation.
- 3- Attending public or private shareholders' assemblies, participating in their deliberations, and voting on their decisions.
- 4- Disposing of his shares in accordance with the provisions of the Companies Law and the Capital Market Law and their Executive regulations.
- 5- Inquiries and requesting access to the company's books and documents, including data and information related to the company's activity and its operational and investment strategy in a manner that does not harm the

company's interests and does not contradict the Companies Law and the Capital Market Law and their Executive regulations.

- 6- Monitoring the performance of the company and the work of the board of directors.
- 7- To hold the members of the Board of Directors accountable and to file a liability claim against them, and to challenge the invalidity of the decisions of the general and private shareholders' assemblies in accordance with the conditions and restrictions contained in the Companies Law and the Company's Articles of Association.
- 8- Priority for subscribing to new shares issued in exchange for cash shares, unless the extraordinary general assembly suspends the right of priority - if this is stipulated in the company's articles of association - in accordance with Article 140 of the Companies Law.
- 9- Recording his shares in the company's shareholder's register.
- 10- Request to see a copy of the company's articles of incorporation and articles of association unless the company publishes them on its website.
- 11- Nominating and electing members of the Board of Directors.

#### **Article Eight: Voting Rights**

- 1- Voting is considered a basic right of the shareholder, so it should not be deprived of it in any way. The company must avoid taking any action that hinders the benefit of the right to vote, but rather it must seek to empower the shareholder and make it easier for him to exercise this right.
- 2- The cumulative vote must be used in electing the Board of Directors, so that the right to vote per share may not be used more than once.

#### **Article Nine: Shareholder's access to information**

- 1- The Board of Directors is obligated to provide complete, clear, correct and not misleading information to enable the shareholder to exercise his rights to the fullest, and this information is provided in a timely manner and is updated regularly.
- 2- The means of providing information to the shareholder must be clear and detailed, and include a statement of the company's information that the shareholder can obtain, and be made available to all shareholders of the same category.
- 3- The most effective means must be followed in communicating with shareholders and non-discrimination in the provision of information.

#### **Article Ten: Communication with Shareholders**

- 1- The Board of Directors ensures the achievement of communication between the company and shareholders that is based on a common understanding of the company's strategic objectives and interests.
- 2- The Chairman and Chief Executive Officer shall inform the rest of the Board members of the shareholders' views and discuss them with them.
- 3- It is not permissible for any of the shareholders to interfere in the work of the board of directors or the work of the executive management of the company unless he is a member of its board of directors or its executive management, or his intervention was through the ordinary general assembly and in accordance with its terms of reference or within the limits and conditions authorized by the board of directors.

#### **Article Eleven: Getting Profits**

- 1- The company's articles of association indicate the percentage of net profits to be distributed to shareholders after setting aside the statutory reserve and other reserves.

- 2- The board of directors must set a clear policy regarding the distribution of dividends in a way that achieves the interests of the shareholders and the company in accordance with the company's articles of association.
- 3- The shareholder shall be entitled to his share in the profits in accordance with the decision of the General Assembly issued regarding the distribution of profits to shareholders, or the decision of the Board of Directors to distribute interim profits, and the decision shall indicate the due date and the date of distribution, provided that the decision is implemented in accordance with what is stipulated in the regulatory controls and procedures issued in implementation of the law Companies of listed joint stock companies.

#### **Article Twelve: Rights related to the meeting of the General Assembly**

The general assembly of shareholders is concerned with all matters related to the company, and the general assembly held in accordance with the statutory procedures represents all shareholders in the exercise of their competencies related to the company, and performs its role in accordance with the provisions of the Companies Law and its Executive regulations and the company's articles of association.

#### **A- The Extraordinary General Assembly shall be concerned with the following:**

- 1- Amendment of the company's articles of association, with the exception of amendments that are deemed invalid under the provisions of the Companies Law.
- 2- Increasing the company's capital in accordance with the conditions established in the Companies Law and its Executive regulations.
- 3- Reducing the company's capital if it exceeds the company's need or if it suffers financial losses, in accordance with the conditions established in the Companies Law and its Executive regulations.

- 4- Determining the formation of a consensual reserve for the company stipulated in its articles of association and earmarked for a specific purpose, and its disposal.
- 5- Determining the continuation or dissolution of the company before the term specified in its articles of association.
- 6- Approval of the purchase of the company's shares.
- 7- Issuing preferred shares or approving their purchase, converting ordinary shares into preferred shares, or converting preferred shares into ordinary shares, based on a provision in the company's articles of association and in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
- 8- Issuance of debt instruments or financing instruments convertible into shares, and an indication of the maximum number of shares that may be issued against such instruments or instruments.
- 9- Allocating the shares issued upon the capital increase, or part thereof, to the employees of the company and its subsidiaries or some of them, or any of that.
10. Suspending the priority right of shareholders to subscribe to a capital increase in exchange for cash shares, or giving priority to non-shareholders in the cases it deems appropriate for the interest of the company, if this is provided for in the company's articles of association.

The Extraordinary General Assembly may issue resolutions within the competences of the Ordinary General Assembly, provided that such decisions are issued in accordance with the conditions for issuing the Ordinary General Assembly resolutions specified by an absolute majority of the shares represented in the meeting.

**B- With the exception of the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly is responsible for all the affairs of the company, especially the following:**

- 1- Appointing and dismissing members of the Board of Directors.
- 2- Authorizing a member of the board of directors to have a direct or indirect interest in the business and contracts that are made for the company's account, in accordance with the provisions of the Companies Law and its Executive regulations.
- 3- Licensing the participation of a member of the Board of Directors in any business that would compete with the company, or to compete with the company in one of the branches of the activity that it engages in, in accordance with the provisions of the Companies Law and its Executive regulations.
- 4- Monitoring the compliance of the members of the Board of Directors with the provisions of the Companies Law and its executive regulations and other relevant regulations and the company's articles of association, and examining any damage resulting from their violation of these provisions or mismanagement of the company's affairs, determining the responsibility resulting from that, and taking what it deems appropriate in this regard to the Companies Law and its Executive regulations.
- 5- Forming an audit committee in accordance with the provisions of the Companies Law and its implementing regulations.
- 6- Approval of the company's financial statements.
- 7- Approval of the report of the Board of Directors.
- 8- Deciding on the proposals of the Board of Directors regarding the method of distributing net profits.

- 9- Appointing the company's auditors, determining their remuneration, reappointing and changing them, and approving their reports.
- 10- Looking into the violations and errors that occur from the company's auditors in the performance of their duties, and any difficulties - notified by the company's auditors - related to enabling the board of directors or the company's management for them to access the books, records and other documents, data and clarifications necessary to perform their tasks, and to take the necessary actions see fit in this regard.
- 11- Stop setting aside the company's statutory reserve whenever it reaches (30%) of the company's paid-in capital, and decide to distribute what exceeds this percentage to the company's shareholders in the fiscal years in which the company does not achieve net profits.
- 12- Using the consensual reserve of the company in the event that it is not allocated for a specific purpose, provided that the use of this reserve is based on the proposal of the Board of Directors and in ways that benefit the company or the shareholders.
- 13- Creating and disposing of other reserves for the company, other than the statutory reserve and the consensual reserve.
- 14- Deduct sums from the company's net profits to establish social institutions for the company's employees or to assist existing ones of these institutions, in accordance with Article one hundred and twenty-nine of the Companies Law.
- 15- Approving the sale of more than (50%) of the company's assets, whether in one transaction or several transactions within twelve months from the date of the first sale transaction. The approval of the extraordinary general assembly.

### **Article Thirteen: Shareholders Assembly**

- 1- The ordinary general assembly of shareholders shall be held in accordance with the conditions and circumstances stipulated in the Companies Law, its implementing regulations and the company's articles of association.
- 2- The Ordinary General Assembly shall convene at least once a year during the six months following the end of the company's financial year.
- 3- General or special assemblies of shareholders shall be convened at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law and its implementing regulations and the company's articles of association. The Board of Directors shall invite the Ordinary General Assembly to a meeting if requested by the auditor, the audit committee, or a number of shareholders whose ownership represents at least (5%) of the company's capital. The auditor may call the assembly to convene if the board of directors does not call it within thirty days from the date of the auditor's request.
- 4- The date, place and agenda of the general assembly meeting must be announced at least twenty-one days before the date, and the invitation shall be published on the market's website and the company's website and in a daily newspaper distributed in the region where the company's head office is. In addition, the company may invite the general and private assemblies of its shareholders by means of modern technology.
- 5- The company may amend the agenda of the General Assembly during the period between the publication of the announcement referred to in Paragraph (4) of this Article and the date of the General Assembly meeting, provided that the Company announces this in accordance with the conditions prescribed in Paragraph (4) of this Article.
- 6- Shareholders should have the opportunity to actively participate and vote in the meetings of the General Assembly. Meetings of the general assemblies of



shareholders may be held and the shareholder may participate in their deliberations and vote on their decisions by means of modern technology, in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Shareholding Companies.

- 7- The Board of Directors shall facilitate the participation of the largest number of shareholders in the meeting of the General Assembly, including choosing the appropriate place and time.
- 8- The company must verify the registration of the shareholders' data wishing to attend at the company's head office before the time specified for the assembly, unless the company's articles of association provide for another means.

#### **Article Fourteen: Agenda of the General Assembly**

- 1- The Board of Directors, when preparing the agenda for the General Assembly, shall take into consideration the topics that shareholders wish to include. Shareholders who own at least 5% of the company's shares may add one or more topics to the agenda of the general assembly when it is prepared.
- 2- The board of directors should single out each of the topics listed on the agenda of the general assembly in a separate item, and not combine fundamentally different topics under one item, and not place contracts in which the members of the board have a direct or indirect interest in one item; For the purpose of obtaining a shareholder vote on the item as a whole.
- 3- The shareholders, through the company's website and the market's website, should be able to obtain information related to the general assembly's agenda items, especially the report of the board of directors, the auditor, the financial statements, and the audit committee's report. This is to enable them to make an informed decision. The company shall update this information in the event of amending the agenda of the General Assembly.
- 4- The Authority may add any topics it deems appropriate to the agenda of the General Assembly.

### **Article Fifteen: Management of the shareholders' assembly**

- 1- The meetings of the general assemblies of shareholders shall be chaired by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members for that in the absence of the chairman and his deputy.
- 2- The chairman of the shareholders' assembly is obligated to provide the shareholders the opportunity to actively participate and vote in the meetings of the general assembly, and to avoid putting in place any procedure that would impede the attendance of the assemblies or the use of the right to vote. They must be informed of the rules governing the work of such meetings and the voting procedures.
- 3- Shareholders have the right to discuss the topics listed on the agenda of the General Assembly and to direct questions about them to the members of the Board of Directors and the auditor. These questions must be answered to the extent that the company's interest is not jeopardized.
- 4- Shareholders must be able to view the minutes of the general assembly meeting, and the company must provide the Authority with a copy of it within ten days from the date of the meeting.
- 5- The company shall announce to the public and notify the Authority and the market - in accordance with the regulations set by the Authority - of the results of the General Assembly immediately upon its conclusion.

### **Article Sixteen: Functions and Duties of the Executive Management**

Taking into account the competencies established for the Board of Directors under the provisions of the Companies Law and its Executive Regulations, the Executive Management is responsible for implementing the plans, policies, strategies and main objectives of the company in order to achieve its objectives. Within the competencies and tasks of the executive management are the following:

- 1- Implementing the company's internal policies and regulations approved by the Board of Directors.
- 2- Proposing a comprehensive strategy for the company, main and interim work plans, investment policies and mechanisms, financing, risk management, and plans to manage emergency administrative conditions and their implementation.
- 3- Suggesting the optimal capital structure for the company and its financial strategies and objectives.
- 4- Suggesting the company's main capital expenditures and owning and disposing of assets.
- 5- Proposing the organizational and functional structures of the company and submitting them to the Board of Directors for consideration for approval.
- 6- Implementation and general supervision of internal control systems and controls, including:
  - a- Implementation of a conflict-of-interest policy.
  - b- Apply the financial and accounting systems properly, including the systems related to the preparation of financial reports.
  - c) Implementing appropriate control systems to measure and manage risks; By developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with the Board of Directors and other stakeholders.
- 7- Implementing the company's corporate governance rules effectively - in a manner that does not conflict with the provisions of this regulation - and suggesting its amendment when needed.

- 8- Implementing policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclose material information to shareholders and stakeholders.
- 9- Providing the Board of Directors with the information necessary to exercise its competencies and making recommendations regarding the following:
  - a- Increasing or decreasing the company's capital.
  - b- Dissolving the company before the term specified in its articles of association or deciding its continuation.
  - C- Using the company's consensual reserve.
  - D- Creating additional reserves for the company.
  - E- The method of distributing the company's net profits.
- 10- Proposing a policy and types of remuneration to be granted to employees, such as fixed remuneration, performance-related remuneration, and remuneration in the form of shares.
- 11- Preparing periodic financial and non-financial reports on the progress made in the company's activity in light of the company's strategic plans and objectives, and presenting such reports to the Board of Directors.
- 12- Managing the company's daily work and managing its activities, as well as managing its resources in an optimal manner and in accordance with the company's objectives and strategy.
- 13- Active participation in building and developing a culture of ethical values within the company.
- 14- Implementing internal control and risk management systems, verifying the effectiveness and adequacy of those systems, and ensuring compliance with the level of risk approved by the Board of Directors.

- 15- Propose and develop internal policies related to the company's work, including defining the tasks, competencies and responsibilities assigned to the various organizational levels.
- 16- Suggesting a clear policy for delegation of works to it and the method of its implementation.
- 17- Suggest the powers to be delegated to it, the decision-making procedures and the mandate period, provided that periodic reports are submitted to the Board of Directors on its exercise of those powers.

### **Chapter Three: Company Committees**

#### **Article Seventeen: Formation of Committees**

Taking into consideration Article 101 of the Companies Law and Article 54 of the Corporate Governance Regulations, the Board of Directors shall form specialized committees in accordance with the following:

- 1- The company's need, circumstances and conditions to enable it to perform its duties effectively.
- 2- The formation of the committees shall be in accordance with general procedures set by the Board, including defining the mission of each committee, the duration of its work, the powers granted to it during this period, and how the Board of Directors monitors them. The committee shall inform the board of directors of its findings or decisions taken in a transparent manner. The Board of Directors shall regularly follow up on the work of these committees to verify that they are performing the tasks entrusted to them.
- 3- Each committee shall be responsible for its actions before the Board of Directors, without prejudice to the responsibility of the Board for those actions and the powers or authorities delegated to it.
- 4- The number of committee members shall not be less than three and not more than five.

- 5- The heads of the committees or whoever they designate from among their members must attend the general assemblies to answer the shareholders' questions.
- 6- The company shall notify the Authority of the names of the committee members and their membership descriptions within five working days from the date of their appointment and any changes that occur to that within five working days from the date of the changes taking place.

#### **Article Eighteen: Membership of Committees**

- 1- A sufficient number of non-executive board members must be appointed to the committees concerned with the tasks that may result in conflict-of-interest situations, such as ensuring the integrity of financial and non-financial reports, reviewing related party deals, running for board membership, appointing senior executives, and determining remuneration. The chairmen and members of these committees shall abide by the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and shareholders, and prioritizing them over their personal interests.
- 2- The company, when forming the remuneration and nomination committees, shall take into account that its members are independent members of the board of directors. It is permissible to seek the assistance of non-executive members or people who are not members of the board, whether they are shareholders or others, provided that the chairmen of the two committees referred to in this paragraph are independent members.
- 3- The Chairman of the Board of Directors may not be a member of the Audit Committee, and he may participate in the membership of other committees, provided that he does not occupy the position of Chairman in the committees stipulated in these regulations.

### **Article Nineteen: Study of Subjects**

- 1- The committees study the issues they are concerned with or that are referred to them by the board of directors, and they submit their recommendations to the board for decision-making, or they take decisions if the board delegates that to them, provided that paragraph (b) of Article 21 of the Corporate Governance Regulations is taken into account.
- 2- The committees may seek the assistance of experts and specialists from inside or outside the company within the limits of their authority, provided that this is included in the minutes of the committee's meeting, with the name of the expert and his relationship to the company or the executive management.

### **Article Twenty: Committee meetings**

- 1- No member of the board of directors or the executive management, except for the secretary of the committee and members of the committees, has the right to attend its meetings unless the committee requests hearing his opinion or obtaining his advice.
- 2- For the validity of committee meetings, the presence of the majority of its members is required, and its decisions are issued by the majority of the votes of those present.
- 3- The committee's meetings must be documented, minutes must be prepared for it, including the discussions and deliberations, the committee's recommendations and voting results should be documented, kept in a special and organized register, the names of the attending members and the reservations they made – if any – and these minutes should be signed by all the members present.

## **Chapter Four: Internal Control**

### **Article Twenty-One: Internal Control System**

The board of directors must adopt an internal control system for the company to evaluate the policies and procedures related to risk management, apply the provisions of the company's corporate governance rules approved by the company, and adhere to the relevant laws and regulations. This system must ensure that clear standards of responsibility are followed at all executive levels in the company and that related party transactions The relationship is carried out in accordance with its own terms and conditions.

### **Article Twenty-Two: Establishing independent units or departments in the company**

- 1- In order to implement the approved internal control system, the company shall establish units or departments to assess and manage risks, and internal audit.
- 2- The company may seek the assistance of external parties to exercise the functions and competencies of risk assessment and management units or departments, and internal auditing, without prejudice to the company's responsibility for those functions and competencies.

### **Article Twenty-Three: Tasks of the Internal Audit Unit or Department**

The internal audit unit or department is responsible for evaluating the internal control system, supervising its application, and verifying the extent to which the company and its employees comply with the applicable laws, regulations, instructions, and company policies and procedures.

### **Article Twenty-Four: Keeping internal audit reports**

The company shall keep audit reports and work documents, clearly including what has been accomplished, its findings and recommendations, and what has been taken in their regard.



## Chapter Five: The Company's Auditor

### Article Twenty-Five: Assigning the task of the auditor

The company assigns the task of reviewing its annual accounts to an auditor who is independent, competent, experienced and qualified; To prepare an objective and independent report for the Board of Directors and shareholders, indicating whether the company's financial statements clearly and fairly reflect the company's financial position and performance in material respects.

### Article Twenty-Six: Appointment of the auditor

The Ordinary General Assembly appoints the company's auditor based on the nomination of the Board of Directors, taking into account

The following:

- 1- His nomination should be based on a recommendation from the Audit Committee.
- 2- To be licensed and to fulfill the conditions prescribed by the competent authority.
- 3- His interests should not conflict with the interests of the company.
- 4- The number of candidates shall not be less than two auditors.

### Article Twenty-Seven: Duties of the Auditor

The auditor must:

- 1- Exerting my duties of care and honesty for the company.
- 2- Inform the Authority in the event that the Board of Directors fails to take the appropriate action regarding the suspicious issues it raises.
- 3- To request the Board of Directors to invite the Ordinary General Assembly if the Board does not facilitate its work. He shall be responsible for

compensating the damage that befalls the company, shareholders or third parties due to errors committed by him in the performance of work.

## **Chapter Six: Implementing Corporate Governance**

### **Article Twenty-Eight: Implementing Effective Governance**

The board of directors shall monitor the application of the rules of governance, verify their effectiveness, and amend them when necessary. To this end, it must do the following:

- 1- Verify the company's compliance with these rules.
- 2- Reviewing and updating the rules in accordance with the regulatory requirements and best practices.
- 3- Reviewing and developing the rules of professional conduct that represent the company's values, and other internal policies and procedures to meet the company's needs and in line with best practices.
- 4- Keep the members of the Board of Directors always informed of developments in the field of corporate governance and best practices, or delegate this to the Audit Committee or any other committee or department.

## **Chapter Seven: Maintaining Documents**

### **Article Twenty-Nine: Maintaining Documents**

The company must keep all minutes, documents, reports and other documents required to be kept under these regulations at the company's head office for a period of no less than ten years, and this includes the report of the Board of Directors and the report of the Audit Committee. Without prejudice to this period, the Company, in the event of a lawsuit (including any existing or threatened lawsuit), claim or any existing investigation procedures related to such minutes, documents, reports or records, shall retain them until the end of such lawsuit or claim. or existing investigative procedures. The Authority may request the company to provide it with

any additional information or data it deems necessary to verify compliance with the provisions of the Corporate Governance Regulations.

## **Chapter Eight: Final Provisions**

### **Article Thirty: Accreditation and implementation**

- 1- This policy shall be implemented as of the date of its approval by the Board of Directors and communicated to the concerned parties. The Board of Directors shall review this policy as necessary and based on a recommendation from the Nominations and Remunerations Committee, and it shall not be amended except with the approval of the Board of Directors.
- 2- This regulation shall be published on the company's website in order to enable the relevant parties to view this policy or any other means of publication that the Board of Directors deems appropriate.