



Governance Regulations

Alandalus Property Company



Adopting the regulations

**This regulation was approved by the Board of Directors' decision held on 02/10/2025.
Based on the Audit Committee's recommendation issued on 01/27/2025.**

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Chapter 1: Preliminary Provisions (the approval of the regulations' list) Article One: Preamble

A- This list sets out the rules and standards governing the company's management to ensure adherence to the best corporate governance practices that ensure the protection of the equities of shareholders and stakeholders.

B- This regulations' list is mandatory for **Al-Andalus Property Co.** as of the date of its approval by the Board of Directors, except for provisions that are indicated as indicative. C- Without prejudice to the provisions of this list, the regulations' list and instructions of other relevant regulatory authorities shall apply to the company, which is subject to its supervision.

D- This regulations' list provides guidelines for effective management of the company in an effort to enhance long-term shareholder value.

This regulations' list has been prepared based on:

1- The Corporate Law issued by Royal Decree No. D/3, dated 28/01/1437 AH, and the amendments made to it pursuant to Royal Decree No. D/79 (dated 25/7/1439 AH, corresponding to 11/04/2018). Corporate Governance Regulations' list issued by the Capital Market Authority pursuant to Resolution No. 8-16-2017 (dated 16-05-1438 AH corresponding to 13-02-2017 AD) and amended pursuant to Capital Authority Resolution No. 3-57-2019 dated 15/09/1440 AH corresponding to 20/05/2019 AD.

2- The executive regulations' list of the corporate system for listed joint stock companies issued by the Capital Market Authority, pursuant to Resolution No. 8- 127- 2016 dated 16- 01-1438 AH- 17/10/2016 AD, based on the Companies Law issued by Royal Decree No D/3 dated 28/01/1437 AH and amended by Capital Authority Resolution No. 2- 26- 2023 dated 05/09/1444 AH corresponding to 27/03/2023 AD, based on the Companies Law issued by Royal Decree No. D/132 dated 1/12/1443 AH.

3- The articles of association of **Al-Andalus Property Co.** approved based on the decision of the Extraordinary General Assembly dated 7/09/1445 AH, corresponding to 17/03/2024 AD.

Article Two: definitions

The following words and phrases have the meanings stated next to them unless the context requires otherwise:

- 1- **The company:** Meaning Al-Andalus Property Co...
- 2- **Regulations list:** Governance regulations list for Al-Andalus Property Co.
- 3- **Articles of Association:** The Articles of Association of Al-Andalus Property Co. 4- **Authority:** Capital Market Authority
- 5- **Companies Law:** The Companies Law issued by Royal Decree (D/132), dated 1/12/1443 AH.
- 6- **Capital Market Law:** The Capital Market Law issued by Royal Decree No. (D/30) and dated 2/06/1424 AH.
- 7- **Rules for the Offer of Securities and Continuing Obligations:** Rules for the Offer of Securities and Continuing Obligations issued by the Council of the Capital Market Authority.
- 8- **Market:** Saudi Capital Market. (Tadawul)
- 9- **Shareholders:** They are the owners who own varying legal shares in Al-Andalus Property Co.
- 10- **Corporate Governance:** Rules for leading and directing the company that include mechanisms for regulating the various relationships between the Board of Directors, executive directors, shareholders and stakeholders by establishing special rules and procedures to facilitate the decision-making process and give it a transparent and credible character for the purpose of protecting the rights of shareholders and stakeholders and achieving 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- **BOD:** the company's board of directors.
- 13- **Members of the Board of Directors:** They are members of the company's Board of Directors elected by the General Assembly.
- 14- **Board of Directors Committees:** These are the committees emanating from the Board of Directors that are appointed by the BOD (taking into account the General Assembly's approval of the members of the Review Committee)
- 15- **Executive management or senior executives:** people entrusted with managing the company's daily operations and proposing and implementing strategic decisions, such as the CEO, the deputies, and the financial director.
- 16- **The Independent Member:** is a non-executive board member who enjoys complete independence in the position and decisions, and none of the criteria of independence stipulated in the Nineteenth Article (19) of the Corporate Governance Regulations' list apply thereto.
- 17- **The Executive Member:** is a member of the Board of Directors who is full-time in the executive management of the company and participates in its daily work.

- 18- **The Non-Executive Member:** is a member of the Board of Directors who is not dedicated to managing the company and does not participate in its daily operations.
- 19- **The Managing Director:** is a member of the Board of Directors chosen by the Board of Directors to follow up and supervise the executive management of the company.
- 20- **Stakeholders:** Everyone who has an interest in the company, such as shareholders, employees, creditors, customers, suppliers, and the community.
- 21- **Related parties:**
- 1- All of the company's affiliates, except for companies wholly owned by the company
 - 2- Major shareholders in the company
 - 3- Members of the Board of Directors and senior executives of the company
 - 4- Members of the Board of Directors of the company's affiliates
 - 5- Members of the boards of directors and senior executives of the company's major shareholders.
 - 6- Any relatives of the people aforementioned in (1,2,3,5) above.
 - 7- Any company or other facility controlled by any person aforementioned (1,2,3,5,6).
- For the purposes of paragraph (6) of this definition, relatives are meant (mother, father, husband, wife, and children).
- 22- **Cumulative voting:** A method of voting for choosing members of the Board of Directors that gives each shareholder voting power by the number of shares he owns, such that he has the right to vote for one candidate or to divide it among the candidates he chooses without any duplication of these votes. this method increases the chances of minority shareholders obtaining representation from The Board of Directors is determined by the cumulative votes of one candidate
- 23- **controlling stake:** the ability to influence the actions or decisions of another person, directly or indirectly, individually or jointly with a relative or follower, through:
- Owning 30% or more of the voting rights in the company
 - The right to appoint 30% or more of the members of the administrative authority.
- 24- **Administrative Authority:** The group of individuals who make strategic decisions, and the company's board of directors is its administrative authority.
- 25- **The group:** In relation to a person, it means that person and every affiliate thereof.
- 26- **Affiliate:** A person who controls another person, or is controlled by that other person, or participates in being controlled by a third person. In any of the above, the control is direct or indirect.
- 27- **Major Shareholders:** Anyone who owns 5% or more of the company's shares or voting rights.
- 28- **Rewards:** Amounts, allowances, profits, and the like, periodic or annual rewards related to performance, short-term or long-term investment plans, and any other in-kind benefits, with

the exception of actual reasonable costs and expenses that the company bears from a member of the Board of Directors for the purpose of performing the work.

29- **Holding Company:** A joint stock company, simplified joint stock company, or limited liability company that establishes companies or owns shares or shares in existing companies that become affiliated with them in accordance with the provisions of the Companies Law and its executive regulations' list .

30- **Person:** any natural or legal person, the laws of the Kingdom recognized in this capacity. 31- **Relatives or kinship**

- Fathers, mothers, grandfathers and grandmothers and above.
- Sons, daughters and grandchildren and below.
- Siblings' brothers and sisters from father or mother.
- Husbands and wives

32- **External Auditor:** is the chartered accountant appointed by the General Assembly 33- **Day:** A calendar day, whether it is a working day or not.

Article Three: The purpose of the governance regulations list for Al-Andalus Property Co

This regulations' list aims to establish an effective legal Quorum/ framework for the governance of Al-Andalus Property Co, and aims in particular to the following:

- 1- Establishing Parameters that ensure good management of the company, enhancing its performance and maximizing its market value.
- 2- Activating the role of shareholders in the company and facilitating the exercise of their equities.
- 3- Enhancing coherence, integration and balance in the relationship between shareholders, the Board of Directors, executive management and stakeholders in order to achieve their interests, in a professional and transparent manner, method and practice.
- 4- Always ensure that the tasks, duties, powers and authorities are exercised in the company without any influence from any parties, whether internal or external.
- 5- Determine the powers and responsibilities of the Board of Directors and Executive Management.
- 6- Activating the role of the Board of Directors and committees and developing their efficiency to enhance the company's decision-making mechanisms.
- 7- Achieving the principle of transparency, integrity and justice in the financial market, its transactions and the business environment and enhancing disclosure therein.
- 8- Providing effective and balanced tools for dealing with conflicts of interest.
 - 9- Strengthening oversight and accountability mechanisms for the company's employees.
 - 10- Establishing a general framework for dealing with stakeholders and taking into account their equities.
- 11- Achieving the highest standards of ethical and professional behavior.
- 12- Maintaining full compliance with the rules, laws and regulations' list that govern the company's business.
- 13- Increasing the efficiency of company supervision and providing the necessary tools for such.
- 14- Educating the company about the concept of professional behavior and urging it to adopt and develop it to suit its nature.

Chapter Two: Shareholders' Equity Section 1: General Equities

Article Four: Fair treatment with the shareholders

- A. The Board of Directors is committed to working to protect the Equities of shareholders in a way that ensures justice and equality between them
- B. The Board of Directors and the executive management of the company are committed not to discriminate between shareholders who own the same class and type of shares and not to withhold any right therefrom.
- C. The company sets out in its internal policies the necessary procedures to ensure that all shareholders exercise their rights, in accordance with this, the system includes the articles of association, regulations' list and relevant policies on all necessary procedures and precautions to ensure that all shareholders exercise their rights

Article Five: the shares related Equities

All Equities associated with the share are confirmed to the shareholder, especially the following

- 1- Obtaining the share of the net profits that are decided to be distributed in cash or by issuing shares
- 2- Obtaining the share from the company's assets upon liquidation
- 3- Attending public or private shareholder assemblies, participating in their deliberations and voting on their decisions
- 4- Dispose of its shares in accordance with the provisions of the Companies Law, the Financial Market Law and their executive regulations' list
- 5- Inquiry and request 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 way that does not harm the company's interests and does not conflict with the Companies Law, the Financial Market Law, and their executive regulations' list.
- 6- Monitoring the company's performance and the work of the Board of Directors
- 7- Holding members of the Board of Directors accountable, filing a liability lawsuit against them, and challenging the invalidity of the decisions of the public and private shareholders' assemblies in accordance with the conditions and restrictions contained in the companies' system and the company's articles of association.
- 8- Priority to subscribe to new shares issued in exchange for cash shares, unless the extraordinary assembly stops the priority right (if this is stipulated in the company's articles of association), subject to The Hundred and twenty ninth article (129) of the companies' law.
- 9- Registering the shares in the company's shareholder registry.

- 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 Six: The shareholder obtains information

- A. The Board of Directors is committed to providing complete, clear, correct and non- misleading information to enable the shareholder to fully exercise the rights. this information is provided in a timely manner and is updated regularly.
- B. The means of providing information to the shareholder must be clear and detailed and include a statement of the company information that the shareholder can obtain and which must be made available to all shareholders, of same class and type
- C. The most effective means of communicating with shareholders must be followed and there should be no discrimination between them in providing information

Article Seven: Communication with shareholders

- A. The Board of Directors ensures that communication is achieved between the company and shareholders, based on a common understanding of the company's strategic objectives and interests
- B. The Chairman of the Board of Directors and the CEO work to inform the rest of the members of the Board of Directors of the opinions of shareholders and discuss same therewith.
- C. It is not permissible for any shareholder to interfere in the work of the Board of Directors or the work of the company's executive management unless he is a member of its board of directors or of its executive management, or the intervention is through the ordinary general assembly and in accordance with its powers or within the limits and conditions permitted by the board of directors.
- D. The company appoints an official specialized in tasks related to investor relations in the company to achieve effective and fair communication between the company and shareholders

Article Eight: Election of members of the Board of Directors

- A. The company announces on the market's website information about the candidates for membership in the Board of Directors, when publishing or directing an invitation to convene the General Assembly provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs, and previous and current memberships, and the company must provide a copy of this information at its headquarters and its website.

- B. Cumulative voting must be used to elect the Board of Directors, so that the right to vote per share may not be used more than once
- C. Voting in the General Assembly is limited to candidates for Board of Directors membership whose information the company announced in accordance with Paragraph (A) of this Article.

Article Nine: obtaining profits) Profit due(

The shareholder is entitled to their share of the profits according to the decision of the General Assembly. The entitlement to dividends applies to shareholders registered with the Securities Depository Center Company (Edaa) at the end of the second trading day following the entitlement date. The Board of Directors must implement the General Assembly's decision regarding the distribution of dividends to shareholders within fifteen days from the entitlement date as specified in the General Assembly's decision or in the Board of Directors' decision approving the distribution of interim dividends.

The company's Board of Directors may, after meeting the requirements set by the relevant authorities, distribute semi-annual dividends.

Section 2: equities related to the general assembly meeting Article Ten: preamble

The general assemblies of shareholders is responsible for all matters related to the company, and the general assembly held in accordance with statutory procedures represents all shareholders in exercising their powers related to the company, and performs its role in accordance with the provisions of the Companies Law, its executive regulations' list and the company's articles of association.

Article Eleven the Extraordinary General Assembly competence

The Extraordinary General Assembly shall be responsible for the following:

- 1) Amending the company's bylaws, with the exception of amendments that are considered invalid under the provisions of the companies' articles of association.
- 2) Increasing the company's capital in accordance with the conditions stipulated in the Companies Law and its executive regulations' list
- 3) Reducing the company's capital if it exceeds the company's needs or if it suffers financial losses, in accordance with the conditions stipulated in the partnership system and its executive regulations list .
- 4) Report on the use of the reserve allocated for specific purposes in the company's articles of association.
- 5) Determining whether the company will continue or dissolve before the period specified in its article of association.
- 6) Approval of the purchase of company shares
- 7) Issuing preferred shares or redeemable shares, or approving their purchase, or converting one type or class of company shares to another type or class, based on a text in the company's bylaws and in accordance with the executive regulations' list of the companies' system for listed joint-stock companies.
- 8) Issuing debt instruments or financing instruments that are convertible into shares, and stating the maximum number of shares that may be issued in exchange for those instruments or instruments.
- 9) allocating the shares issued upon increasing the capital, or part thereof, to the employees of the company and its subsidiaries, or some of such, or any of that
- 10) Suspending shareholders' priority right to subscribe for a capital increase in exchange for cash shares or giving priority to non- shareholders in cases it deems appropriate for the interest of the company, if this is stipulated in the company's articles of association.

Decisions of the Extraordinary General Assembly are issued by a two-thirds majority of the voting rights represented at the meeting, unless the decision concerns an increase or decrease in the capital, an amendment to the company's bylaws, a merger with another company, an extension of the company's duration, or its dissolution before the specified term. In such cases,

the decision shall only be valid if issued by a three-quarters majority of the voting rights represented at the meeting.

The Extraordinary General Assembly may also issue decisions within the jurisdiction of the Ordinary General Assembly, provided that such decisions are made in accordance with the conditions for issuing decisions of the Ordinary General Assembly by a majority of the voting rights represented at the meeting.

Article Twelve: Quorum for the extraordinary general assembly meeting

The Extraordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing half of the Company shares. If the quorum is not available in the first meeting, the second meeting shall be convened after one hour of the end of the period specified for the convening of the first meeting, provided that the invitation to convene the first meeting includes a statement of the possibility of convening this meeting. If the first invitation did not include the possibility of convening the second meeting, a second invitation was sent to a second meeting, to be held in the same conditions stipulated in Article Thirty of the Company's Articles of Association.

In all cases, the second meeting shall be valid if it is attended by a number of shareholders representing at least one-quarter of the Company shares.

If the required quorum is not available in the second meeting, an invitation shall be made to a third meeting, which shall be held in the same conditions stipulated in Article Thirty of the Company's Articles of Association, and the third meeting shall be valid regardless of the number of shares represented in it, after the approval of the competent authority.

Article Thirteen: Powers of the Ordinary General Assembly

Except for what is specialized to the Extraordinary General Assembly, the Ordinary General Assembly is specialized in all affairs of the company, especially the following:

- 1) Electing and dismissing the members of the Board of Directors.
- 2) Authorizing a member of the Board of Directors to have a direct or indirect interest in the work and contracts concluded for the account of the company, in accordance with the provisions of Companies Law and its Executive Regulations list.
- 3) Authorizing a member of the Board of Directors to participate in any work that would compete with the company, or to compete with the company in one of the activities it carries out, in accordance with the provisions of Companies Law and its Executive Regulations list.
- 4) Monitoring the commitment of the Board of Directors members to the provisions of the Companies Law and its Executive Regulations' list , other relevant regulations' list , and

the company's Articles of Association, and examining any damage that arises from their violation of those provisions or their mismanagement of the company's affairs, and determine the resulting liability and take what it deems appropriate in this regard in accordance with the Companies Law and its implementing regulations' list .

- 5) Review and discuss the company's financial statements.
- 6) Review the Board of Directors' report and discuss it.
- 7) Decide on the Board of Directors' proposals regarding the method of distributing net profits.
- 8) Appointing one or more auditors for the company and determining their fees, He will be reappointed, removed, the report will be discussed and a decision will be taken
- 9) To review violations and errors committed by the company's auditors in the performance of their duties, and any difficulties reported by the company's auditors related to enabling the Board of Directors or the company's management to access the books, records, and other necessary documents and data for the performance of their duties, and to take appropriate action in this regard.
- 10) To report on the use of the company's reserves if they are not allocated for a specific purpose in the company's bylaws, provided that the use of these reserves is based on a proposal from the Board of Directors and in ways that benefit the company or the shareholders.
- 11) To form the company's reserves and determine their uses.
- 12) To allocate amounts from the company's net profits for social purposes for the company's employees in accordance with the provisions of Article 123 of the Companies Law.
- 13) To approve the sale of more than 50% of the company's assets, whether in a single transaction or multiple transactions within twelve months from the date of the first sale transaction, and if the sale of these assets includes matters within the competencies of the extraordinary general assembly, approval from the extraordinary general assembly must be obtained.

Article Fourteen: Quorum for the Ordinary General Assembly meeting

The ordinary general assembly meeting shall not be valid unless it is attended by shareholders representing at least a quarter of the Company shares

If the quorum required to hold this meeting is not available, the second meeting shall be held after one hour of the end of the period specified for the convening of the first meeting, provided that the invitation to convene the first meeting includes an indication of the possibility of holding this meeting. If the first invitation did not include the possibility of holding the second meeting, a second meeting shall be called within the following thirty days of the previous meeting, and this invitation shall be published in the manner prescribed in Article Thirty of the Company's Articles of Association. In all cases, the second meeting shall be valid regardless of the number of shares represented.

Article Fifteen: Shareholders' Assembly

- A.** The ordinary general assembly of shareholders shall be convened according to the conditions and circumstances provided for in the Companies Law, its implementing regulations list, and the Company's Articles of Association.
- B.** The ordinary Annual general assembly shall be convened at least once during the six months following the end of the company's fiscal year.
- C.** General or special shareholders' assemblies shall be convened by a call from the Board of Directors, in accordance with the conditions provided for in the Companies Law, its implementing regulations' list, and the Company's Articles of Association. The Board of Directors must call the Ordinary General Assembly to the meeting shall be held within thirty days from the date of the request of the auditor, the audit committee, or the number of shareholders whose ownership represents at least 10% of the company's shares that have the right to vote, The auditor may call the Ordinary General Assembly to convene if the Board of Directors does not do so within thirty days of the auditor's request.
- D.** Taking into account what is stated in the Companies Law and its executive regulations' list, The date, place, and agenda of the general assembly meeting must be announced at least 21 days prior to the date. The invitation shall be published on the market's website, the company's website, and the company may also invite its shareholders to the general and special assemblies through modern technology means.
- E.** The company may amend the agenda of the general assembly during the period between the publication of the announcement referred to in paragraph (d) of this article and the date of the general assembly meeting, provided that the company announces this in accordance with the conditions set forth in paragraph (d) of this article.
- F.** Shareholders must be given the opportunity for effective participation and voting in the general assembly meetings. General assembly meetings of shareholders may be held and shareholders may participate in their deliberations and vote on their resolutions through modern technological means, According to the executive regulations' list, of the Corporate Governance Regulations' list, paragraph No. and the Corporate Law Regulations' list specific to public joint stock companies).
- G.** The Board of Directors shall facilitate the participation of the largest possible number of shareholders in the general assembly meeting, including choosing the appropriate place and time.
- H.** The company must verify the registration of the data of shareholders wishing to attend at the company's head office before the specified time for the meeting to be held, unless the company's bylaws stipulate another means.

Article Sixteen: General Assembly Agenda

- A.** When preparing the agenda of the general assembly, the Board of Directors must take into consideration the topics that the shareholders wish to include, and shareholders owning at least A percentage (10%) of the company's shares that have at least voting rights of the company's shares may add one or more topics to the agenda of the general assembly when it is prepared.
- B.** The Board of Directors must allocate a separate item for each topic included on the agenda of the general assembly, and not combine fundamentally different topics under one item, and not place works and contracts in which the board members have a direct or indirect interest under one item for the purpose of obtaining the shareholders' vote on the item as a whole.
- C.** Shareholders must be able to obtain, through the company's website and the market's website when the invitation to convene the general assembly is published, the information related to the items on the agenda of the general assembly, especially the report of the Board of Directors, the auditor, the financial statements, and the Audit Committee report, in order to enable them to make an informed decision regarding them. The company must update this information if the agenda of the general assembly is amended.
- D.** The Board is allowed to add any topics it deems appropriate to the agenda of the General Assembly

Article Seventeen: Management of the Shareholders' Association

- A.** The Chairman of the Board of Directors or the deputy in the absence, or someone appointed by the Board from among its members in the absence of the Chairman and the deputy, shall preside over the General Assembly meetings of shareholders. If this is not possible, the General Assembly shall be chaired by whomever the shareholders delegate from among the Board members or others through voting.
- B.** The Chairman of the Shareholders' General Assembly meeting must provide the opportunity for shareholders to participate effectively and vote in the General Assembly meetings, and avoid any procedure that would impede attendance of the meetings or the use of the right to vote. They must be informed of the rules governing the conduct of such meetings and voting procedures.
- C.** Shareholders have the right to discuss the topics included in the agenda of the General Assembly and direct questions to the Board members and the auditor, and these questions must be answered to the extent that it does not expose the company's interests to harm.
- D.** Shareholders must be enabled 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.
- E.** The company shall announce to the public and notify the Authority and the Market, according to the controls set by the Authority, the results of the General Assembly immediately upon its conclusion.



Chapter Three: Board of Directors Section One: Formation of the Board of Directors

Article Eighteen: Formation of the Board of Directors

The Board consists of nine (9) members, and the following committees emanate from the Board:

- 1) Audit - review Committee.
- 2) Nomination and Remuneration Committee
- 3) Executive Committee

The Board also has the right to form any other specialized committees according to the company's needs, circumstances, and conditions, in a way that enables it to perform its duties effectively.

The following is to be considered when establishing the Board of Directors

- A. The number of its members is proportionate to the size of the company and the nature of its activity, without prejudice to what is stated in paragraph (a) From Article Nineteen of this regulations' list.
- B. The majority of its members are non-executive.
- C. The number of its independent members is not less than two members or one-third of the Board members, whichever is greater.

Article Nineteen: Appointment of members of the Board of Directors

- A. The company's Articles of Association determine the number of members of the Board of Directors, which is nine (9) members.
- B. The General Assembly elects the members of the Board of Directors for the term stipulated in the company's Articles of Association, which is four (4) years and they may be re-elected, unless The company's MOA stipulates otherwise.
- C. It is a requirement that a member of the Board of Directors shall not hold membership of the Board of Directors of more than five listed joint-stock companies in the market at the same time.
- D. The company must notify the Authority of the names of the members of the Board of Directors and the nature of their membership within five working days from the date of the commencement of the term of the Board of Directors or from the date of their appointment, whichever is earlier, and any changes that occur in their membership within five working days from the date of the changes.

Article Twenty: Conditions for membership of the Board of Directors

It is required that a member of the Board of Directors be of professional competence, with the necessary experience, knowledge, skills and independence, enabling him to perform the duties efficiently and effectively, and it shall be ensured that he possesses, in particular, the following:

- 1) **Leadership capacity**, by possessing leadership skills that qualify him to grant authorities in a way that leads to performance motivation and the application of best practices in the field of effective management and adherence to professional values and ethics.
- 2) **Competence**, by having the appropriate academic qualifications, professional and personal skills, level of training and practical experience relevant to the company's current and future activities or to management, economics, accounting, law or governance, as well as a desire to learn and train.
- 3) **Guidance capacity**, by having the technical, leadership, administrative and decision-making capabilities, understanding the technical requirements related to the work process, and being able to provide strategic guidance, planning and a clear future vision.
- 4) **Financial Literacy**: Being able to read and understand financial statements and reports.
- 5) **Health Fitness**: Not having any health condition that would hinder the performance of the duties and specializations.

The General Assembly shall, when electing the members of the Board of Directors, take into consideration the recommendations of the Remuneration and Nomination Committee and the availability of the personal and professional qualifications necessary to effectively perform their duties as mentioned in this article.

Article Twenty-one: Termination of Board Membership

A member's membership in the board ends upon the expiration of its term or the expiration of the member's eligibility according to any applicable laws or regulations' list in the Kingdom. The general assembly, based on a recommendation from the Board of Directors, may terminate the membership of a member who is absent from attending (three) consecutive meetings or (five) separate meetings during their term without a valid excuse accepted by the Board of Directors.

However, the ordinary general assembly may dismiss all or some of the members of the Board of Directors without prejudice to the dismissed member's right to claim compensation from the company if the dismissal occurs for an unacceptable reason or at an inappropriate time. A member of the Board of Directors may resign, provided that it is at an appropriate time, otherwise, they shall be liable to the company for any damages resulting from the resignation. In such a case, the ordinary general assembly must elect a new Board of Directors or a replacement for the dismissed member as appropriate, (in accordance with the provisions of the Companies Law).

Article Twenty-Two: violations of independence

- A.** The independent board member must be able to perform their duties, express their opinions, and vote on decisions objectively and impartially, in order to assist the board of directors in making sound decisions that contribute to the company's interests.
- B.** The board of directors must conduct an annual assessment to determine the extent to which the member's independence is realized and ensure that there are no relationships or circumstances that affect or can affect them.
- C.** Incompatible with the necessary independence of an independent board member - for example but not limited to - the following:
- 1)** Owning 5% or more of the company's shares or the shares of another company in its group, or having a kinship relationship with someone who owns this percentage.
 - 2)** He must be related to any of the members of the Board of Directors in the company or in another company in its group.
 - 3)** Having a kinship relationship with any of the members of the company's board of directors or the board of another company in its group.
 - 4)** To be a member of the Board of Directors in another company within the group of the company he is nominated for.
 - 5)** To work or have worked as an employee during **the past two years** for the company, any dealing party with it, or another company in its group such as auditors and major suppliers, or to own controlling shares in any of these parties during **the past two years**.
 - 6)** To have a direct or indirect interest in the works and contracts made for the company.
 - 7)** To receive financial amounts from the company in addition to the remuneration for being a member of the Board of Directors or any of its committees. exceeding (200,000) riyals or 50%

of the previous year's remuneration received for the Board of Directors or any of its committees' membership, whichever is less.

- 8) To engage in an activity that competes with the company or to trade in one of the activities practiced by the company.
- 9) To have served more than nine consecutive or non-consecutive years as a member of the company's Board of Directors.
- D. The works and contracts that are carried out to meet the personal needs of the member of the board of directors are not considered as an interest that negates the independence of the member of the board of directors, for which a license must be obtained from the ordinary general assembly, if these works and contracts are carried out under the same conditions and terms followed by the company with all contractors and dealers, and are within the company's usual activity, unless the Nomination Committee sees otherwise

Section Two: Responsibilities and Powers of the Board of Directors Article Twenty-Three:

Responsibility of the Board of Directors

- A- The Board of Directors represents all shareholders, and it must exert the duties of care and loyalty in managing the company and everything that preserves its interests, develops them, and maximizes its value.
- B- The company's board of directors is responsible for its actions, even if it delegates committees, entities, or individuals to exercise some of its powers. In all cases, the board of directors may not issue a general or open-ended delegation.

Article Twenty-Four: Basic Functions of the Board of Directors

Subject to the competencies stipulated for the general assembly in the Companies Law and its executive regulations list, and the company's bylaws, the board of directors shall have the broadest powers in managing the company and directing its business to achieve its purposes. The tasks and competencies of the board of directors include the following:

- 1) Developing the company's main plans, policies, strategies and objectives, supervising their implementation, reviewing them periodically, ensuring the availability of the necessary human and financial resources to achieve them, including:
 - A. Developing the company's overall strategy, main work plans, risk management policies and procedures, and reviewing and guiding them.
 - B. Determining the optimal capital structure of the company, its financial strategies and objectives, and approving the budgets of various types.
 - C. Overseeing the company's major capital expenditures, acquiring assets, and disposing of them.

- D. Setting performance goals and monitoring the implementation and overall performance in the company.
- E. Periodically reviewing and approving the organizational and functional structures of the company.
- F. Ensuring the availability of necessary human and financial resources to achieve the company's goals and main plans.

(2) Establishing systems and controls for internal oversight and general supervision, including:

- E. Establishing a written policy to address actual and potential conflicts of interest for members of the Board of Directors, executive management, and shareholders, including misuse of the company's assets and facilities and misconduct arising from transactions with related parties.
- F. Ensuring the integrity of financial and accounting systems, including systems related to financial reporting.
- G. Ensuring the implementation of appropriate control systems for measuring and managing risks by developing a general concept of the risks that the company may face, creating an environment that is aware of the culture of risk management at the company level, and presenting it transparently to stakeholders and related parties.

Annually reviewing the effectiveness of internal control procedures in the company.

- 3. Preparing clear and specific policies, standards, and procedures for membership in the Board of Directors that do not conflict with the mandatory provisions of the Corporate Governance Regulations' list issued by the Capital Market Authority, and implementing them after being approved by the General Assembly.
- 4. Establishing a written policy that regulates the relationship with stakeholders in accordance with the provisions of these regulations' list .
- 5. Establishing policies and procedures to ensure the company's compliance with laws and regulations' list and its commitment to disclosing material information to shareholders and stakeholders, and verifying that the executive management complies with them.
- 6. Supervising the management of the company's finances, cash flows, and financial and credit relationships with others.
- 7. Recommending to the Extraordinary General Assembly what it sees regarding the following:
 - A. Increasing or decreasing the company's capital.

- B. Dissolving the company before the designated term in the company's bylaws or deciding on its continuation.
8. Recommending to the Ordinary General Assembly what it sees regarding the following:
- A. The use of the company's reserves if they are not allocated for a specific purpose in the company's bylaws.
- B. Forming additional financial reserves or provisions for the company.
- C. The method of distributing the company's net profits.
9. Preparing the company's preliminary and annual financial statements and approving them before publication.
10. Preparing the Board of Directors' report and approving it before publication.
11. Ensuring the accuracy and integrity of the data and information that must be disclosed, in accordance with the disclosure and transparency policies and systems in effect.
12. Establishing effective communication channels that enable shareholders to continuously and regularly access the various activities of the company and any material developments.
13. Forming specialized committees emanating from it with decisions that specify the duration, powers, and responsibilities of the committee, and how the board supervises them, provided that the formation decision includes naming the members, specifying their tasks, rights/equities, and duties, and evaluating the performance and work of these committees and their members.
14. Determining the types of rewards granted to employees in the company, such as fixed rewards, performance-related rewards, and rewards in the form of shares, in compliance with the executive regulations' list of the Companies Law concerning listed joint-stock companies.
15. Informing the Ordinary General Assembly when it convenes about the transactions and contracts in which any member of the Board of Directors has a direct or indirect interest, provided that this notification includes the information presented by the member to the Board of Directors in accordance with paragraph 14 of Article 32 of these regulations' list . this notification must be accompanied by a special report from the company's external auditor. The Ordinary General Assembly has the right to delegate the authority to grant the license mentioned in paragraph (1) of Article 27 of the Companies Law to the company's Board of Directors, taking into account the controls stipulated in Article 64 of the executive regulations' list of the Companies Law concerning listed joint-stock companies.
16. Establishing the values and standards that govern work in the company.

Article Twenty-Five: Distribution of Responsibilities and Tasks

The organizational structure of the company must include the identification of responsibilities and the distribution of tasks between the Board of Directors and the executive management in accordance with best corporate governance practices. This should enhance the efficiency of the company's decision-making and achieve a balance of powers and authorities between them.

To achieve this, the Board of Directors shall:

- 1) Approve and develop internal policies related to the company's work, including defining the tasks, responsibilities, and authorities assigned to different organizational levels.
- 2) Approve a detailed written policy specifying the authorities delegated to the executive management, including a schedule that outlines these authorities, the method of implementation, and the duration of the delegation. The Board of Directors may request the executive management to submit periodic reports on their exercise of the delegated authorities.
- 3) Identify the issues that the Board retains the authority to decide upon.

Article Twenty-Six: Separation of Positions

- A. In accordance with the provisions of the company's articles of association the Board of Directors shall appoint a Chairman and a Vice Chairman from among its members and may appoint a managing director or CEO from its members.
- B. The positions of Chairman of the Board and any executive position in the company, including the managing director, CEO, or general manager, shall not be held by the same person, even if the company's articles of association state otherwise.
- C. The Board of Directors must clearly and in writing define the responsibilities and duties of the Chairman, Vice Chairman, managing director, or CEO if the company's articles of association do not specify them.
- D. In all cases, no person shall have absolute authority to make decisions in the company.

Article Twenty-Seven: Supervision of Executive Management

The Board of Directors is responsible for forming the company's executive management, organizing its operations, overseeing and supervising it, and ensuring that it performs its assigned tasks. To achieve this, the Board shall:

- 1) Establish 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 company's CEO and supervise their work.
- 4) Appoint and dismiss the manager of the internal audit unit or department or the internal auditor and determine their remuneration.

- 5) Hold regular meetings with the executive management to discuss the progress of work, any obstacles encountered, and review and discuss important information regarding the company's activities.
- 6) Establish performance standards for the executive management that align with the company's objectives and strategy.
- 7) Review and evaluate the performance of the executive management.
- 8) Develop succession plans for the company's management.

Article Twenty-Eight: Executive Management Responsibilities and Duties

In accordance with the responsibilities determined by the Board of Directors under the provisions of the Companies Law and its executive regulations' list , the executive management is responsible for implementing the company's plans, policies

Strategies, and primary objectives to achieve its purposes. The responsibilities and duties of the executive management include the following:

1. Implementing the internal policies and systems of the company approved by the Board of Directors.
2. Proposing a comprehensive strategy for the company, main and phased action plans, investment policies and mechanisms, financing, risk management, and plans for managing emergency administrative circumstances, and implementing them.
3. Proposing the optimal capital structure for the company, its strategies, and financial objectives. 4. Proposing the company's major capital expenditures, acquiring assets, and disposing of them. 5. Proposing the company's organizational and functional structures and submitting them to the Board of Directors for approval.
6. Implementing internal control systems and regulations' list and overseeing their general supervision, including:
 - A- Implementing the conflict-of-interest policy.
 - B- Correctly applying financial and accounting systems, including those related to financial reporting.
 - C- Implementing appropriate control systems for measuring and managing risks by developing a general vision of the risks that the company may face, creating an environment aware of risk mitigation at the company level, and presenting them transparently to the Board of Directors and other stakeholders.
7. Effectively implementing the company's governance rules in a manner that does not conflict with the Corporate Governance Regulations' list issued by the Capital Market Authority and any amendments thereto, and proposing amendments when necessary.

8. Implementing policies and procedures that ensure the company's compliance with regulations' list and its commitment to disclosing material information to shareholders and stakeholders.
9. Providing the Board of Directors with the necessary information to exercise its responsibilities and making recommendations regarding:
 - F. Increasing or decreasing the company's capital.
 - G. Dissolving the company before the set term in its articles of association or deciding on its continuation.
 - H. Utilizing the company's reserves if not allocated for a specific purpose in its articles of association.
 - I. Forming additional reserves for the company.
 - J. The method of distributing the company's net profits.
 10. Proposing the policy and types of rewards granted to employees, such as fixed rewards, performance-related rewards, and rewards in the form of shares.
 11. Preparing periodic financial and non-financial reports on the progress of the company's activities in light of its strategic plans and objectives, and presenting these reports to the Board of Directors.
12. Managing the company's daily operations and activities, as well as managing its resources optimally in alignment with the company's objectives and strategy.
 13. Actively participating in building and nurturing a culture of ethical values within the company.
 14. Implementing internal control and risk management systems, ensuring their effectiveness and adequacy, and adhering to the risk levels approved by the Board of Directors.
 15. Proposing internal policies related to the company's operations and developing them, including defining the tasks, responsibilities, and duties assigned to different organizational levels.
 16. Proposing a clear policy for delegating tasks and the method of executing them.
 17. Proposing the authorities delegated to it, decision-making procedures, and the duration of the delegation, and submitting periodic reports to the Board of Directors on its exercise of these authorities.

Section Three: Duties of the Chairman and Members of the Board of Directors Article Twenty-Nine: Duties and

Responsibilities of the Chairman of the Board of directors

Without prejudice to the duties of the Board of Directors, the Chairman of the Board shall lead the Board, oversee its functioning, and ensure its effective performance. The specific duties and responsibilities of the Chairman of the Board include:

- 1) Ensuring that Board members receive complete, clear, accurate, and non-misleading information in a timely manner.
- 2) Ensuring that the Board discusses all essential issues effectively and promptly.
- 3) Representing the company before third parties in accordance with the Companies Law, its executive regulations' list , and the company's articles of association.
- 4) Encouraging Board members to perform their duties effectively in a manner that serves the company's interests.
- 5) Ensuring that there are effective communication channels with shareholders and conveying their opinions to the Board of Directors.
- 6) Promoting constructive relationships and effective participation between the Board of Directors and the executive management, as well as between executive, non-executive, and independent members, fostering a culture that encourages constructive criticism.
- 7) Preparing the agenda for Board meetings, considering any matters proposed by any Board member or raised by the auditor, and consulting with Board members and the CEO when preparing the agenda.
- 8) Holding regular meetings with non-executive Board members without the presence of any executive in the company.

Article Thirty: Appointment of the CEO as Chairman of the Board After Termination of Services

The CEO may not be appointed as Chairman of the Board of Directors of the company within the first year following the termination of their services

Article Thirty-One: Principles of Honesty, Integrity, and Loyalty

Every member of the Board of Directors is committed to the principles of honesty, integrity, loyalty, diligence, and attention to the interests of the company and its shareholders, prioritizing them over their personal interests. this includes, in particular, the following:

- 1) **Honesty:** The relationship of a Board member with the company should be a professionally honest one. They must disclose any significant information before executing any transaction or contract with the company or any of its subsidiaries.
- 2) **Loyalty:** A Board member must avoid transactions that involve conflicts of interest, ensure fair dealings, and observe the specific provisions regarding conflicts of interest contained in the Corporate Governance Regulations' list .
- 3) **Diligence and Attention:** this involves performing the duties and responsibilities stipulated in the Companies Law, the Capital Market Law and its executive regulations' list , the company's articles of association, and other related regulations' list .

Article Thirty-Two: Duties and Responsibilities of Board Members

Each member of the Board of Directors, through their membership in the Board, shall perform the following duties and responsibilities:

1. Provide proposals for developing the company's strategy.
2. Monitor the performance of the executive management and the extent to which they achieve the company's objectives and purposes.
3. Review reports related to the company's performance.
4. Ensure the integrity and transparency of the company's financial statements and information.
5. Ensure that the company's financial controls and risk management systems are robust.
6. Determine appropriate levels of compensation for executive management members.
7. Provide opinions on the appointment and dismissal of executive management members.
8. Participate in developing the succession plan for executive positions in the company.

9. Fully comply with the provisions of the Companies Law, the Capital Market Law and their executive regulations' list , and related regulations' list and the company's articles of association when performing their duties as a board member, and refrain from any action that would harm the company's affairs.
10. Attend Board of Directors and general assembly meetings and not be absent except for a legitimate reason notified to the chairman in advance or due to emergencies.
11. Allocate sufficient time to fulfil their responsibilities, prepare for Board and committee meetings, and actively participate, including asking relevant questions and discussing with senior executives of the company.
12. Study and analyze information related to the matters reviewed by the Board before expressing an opinion.
13. Enable other Board members to freely express their opinions and encourage the Board to deliberate on topics and seek opinions from specialized members of the executive management or others when needed.
14. Immediately and fully inform the Board of (any direct or indirect) interest in the company's transactions and contracts, including the nature and extent of such interest, names of any persons involved, and any expected benefit, whether financial or non-financial. The member must not participate in voting on any decision related to that interest, in accordance with the Companies Law and the Capital Market Law and their executive regulations' list .
15. Immediately and fully inform the Board of any direct or indirect participation in any activities that would compete with the company, or if they compete with the company directly or indirectly in any of its business activities, in accordance with the Companies Law and the Capital Market Law and their executive regulations' list .
16. Not disclose or reveal any secrets they become aware of through their membership on the Board to any company shareholders except during general assembly meetings, or to others as required by the Companies Law and the Capital Market Law and their executive regulations' list .
17. Act based on complete information, in good faith, with the necessary care and attention, for the benefit of the company and all its shareholders.
18. Be aware of their duties, roles, and responsibilities arising from membership.
19. Enhance their knowledge in the company's activities and businesses and in relevant financial, commercial, and industrial fields.
20. Resign from the Board if they are unable to fulfil their duties to the best of their ability.

Article Thirty-Three: Duties of Independent Board Member

In accordance with Articles Thirty-Two and Thirty-Three of these regulations' list, an independent board member shall actively participate in performing the following tasks:

- 1) Provide independent opinions on strategic matters, company policies, performance, and the appointment of executive management members.
- 2) Ensure consideration of the company's interests and those of its shareholders and disclose any conflicts of interest.
- 3) Supervise the development of corporate governance rules specific to the company, and monitor the executive management's compliance with them.

Section Four: Board of Directors' Procedures Article Thirty-

Four: Board of directors Meetings

1. In accordance with the provisions of the Companies Law and its executive regulations' list , the Board of Directors shall hold regular meetings to effectively carry out its duties, and shall also convene meetings whenever necessary.
2. The Board of Directors shall hold at least four meetings annually, with at least one meeting every three months, upon the invitation of its chairman or upon the request of a member of the Board. The invitation to the meeting shall be sent to each member of the Board at least five days prior to the meeting date, accompanied by the agenda of the meeting and the necessary documents and information. Unless circumstances require an urgent meeting, the invitation to the meeting, along with the agenda, documents, and necessary information, may be sent in less than five days before the meeting date.
3. The Board of Directors shall determine the location of its meetings, and meetings may be conducted using modern communication technology.
4. The meeting shall only be valid if attended by at least half of the total number of Board members (either in person or by proxy), with no fewer than three members present, unless the company's bylaws specify a higher percentage or number A member of the board of directors may appoint another member to attend board meetings on their behalf according to the following conditions:
 - A) A board member may not appoint more than one other member to attend the same meeting on their behalf.
 - B) The delegation must be documented in writing for a specific meeting, or through email.
 - C) The proxy is not permitted to vote on decisions that the law or regulations' list prohibit the principal from voting on.

Decisions of the board are made by a majority of the votes of the members present or represented, and in the event of a tie, the side with which the chairperson of the meeting voted prevails. The board of directors may make decisions on urgent matters by presenting them to the members individually unless one of the members requests in writing a board meeting to deliberate on them. These decisions are presented to the board at its next meeting to be recorded in the minutes.

Article Thirty-Five: Remarks of Board of Directors

- A) If any of the Board of Directors members have remarks regarding the company's performance or any of the topics presented and they were not resolved during the board meeting, these remarks must be recorded along with the actions the board takes or intends to take regarding them in the minutes of the board meeting.
- B) If a board member expresses a dissenting opinion to a board decision, it must be recorded in detail in the minutes of the board meeting.

Article Thirty-Six: Organizing Attendance at Board of Directors Meetings

- A) The attendance of the board of directors' meetings shall be organized and the cases of irregular attendance of the members for the meetings shall be addressed in this regard.
- B) The independent member shall seek the attendance of all meetings in which the important decisions that affect the company's position shall be taken.

Article Thirty-Seven: Agenda of Board of Directors Meetings

- A) The board of directors approves the agenda upon convening, and if any member objects to the agenda, this must be recorded in the minutes of the board meeting.
- b) Each board member has the right to propose adding any item to the agenda.

Article Thirty-Eight: Exercising the Powers of the Board of Directors

- A. The board of directors shall exercise its powers and duties in leading the company within the framework of prudent and effective controls that allow for risk assessment, management, and mitigation.
- B. In accordance with paragraph (b) of Article Twenty of the Corporate Governance Regulations' list, the board of directors may, within its authority, delegate specific tasks or activities directly to one or more of its members, committees, or others.
- c. The board of directors shall establish an internal policy outlining the procedures for conducting its business and aiming to encourage its members to effectively fulfill their duties towards the company.
- d. The board of directors shall organize its activities, allocate sufficient time to fulfill its tasks and responsibilities, including preparing for board and committee meetings, and ensuring the coordination, recording, and safekeeping of meeting minutes.

Article Thirty-Nine: Secretary of the Board of Directors

A. The Board of Directors shall appoint a Secretary from among its members or from outside the Board. The Secretary's terms of reference and remuneration shall be determined by a resolution of the Board of Directors, unless the Company's Articles of Association provide otherwise. These terms of reference shall include the following:

- 1) Documenting the meetings of the Board of Directors and preparing minutes thereof, including the discussions and deliberations that took place, and stating the place, date, start and end time of the meeting, and documenting the Board's resolutions and voting results, and keeping them in a special and organized register, and recording the names of the attending members and the reservations they expressed (if any), and having these minutes signed by all attending members and the Secretary.
- 2) Keeping the reports submitted to the Board of Directors and the reports prepared by the Board.
- 3) Providing the members of the Board of Directors with the Board's agenda, working papers, documents and information related thereto, and any additional documents or information requested by any member of the Board of Directors related to the topics included in the meeting agenda.
- 4) Verifying the compliance of the members of the Board of Directors with the procedures approved by the Board.
- 5) Notifying the members of the Board of Directors of the dates of the Board meetings sufficiently in advance of the scheduled date.
- 6) Presenting draft minutes to board members for their comments before finalizing them.
- 7) Ensuring that board members promptly receive complete copies of board meeting minutes, company-related information, and documents.
- 8) Coordinating among board members.
- 9) Maintaining a register of disclosures made by board members and executive management.
- 10) Providing assistance and advice to board members.

b. The secretary of the board of directors may not be relieved of their duties except by a decision of the board of directors.



Section Five: Training, support and evaluation Article Forty:

Provision of Information to Members

The executive management of the company is required to provide board members, non- executive members, and company committees specifically with all necessary information, data, documents, and records. These must be complete, clear, accurate, non-misleading, and provided in a timely manner to enable them to perform their duties and tasks.

Section Six: Conflict of Interest

Article Forty-One: Dealing with Conflict of Interest and Transactions with Related Parties

Considering the provisions of the Companies Law and its executive regulations' list , and the regulations' list governing the licensing of business and contracts conducted on behalf of the company, if a member of the board of directors has a direct or indirect interest in them, issued by the Capital Market Authority, cases of conflict of interest and transactions or dealings with related parties shall be dealt with according to the provisions outlined in this chapter.

Article Forty-Two: Conflict of Interest Policy

The board of directors shall establish a written and clear policy for dealing with actual or potential conflicts of interest that may affect the performance of board members, committee members, executives, or other employees of the company when dealing with the company or with other stakeholders. this policy shall specifically include:

- 1) Emphasizing to board members, committee members, major shareholders, senior executives, and other employees of the company the necessity to avoid situations that lead to conflicts of interest with the company's interests, and to handle such situations in accordance with the provisions of the Companies Law and its executive regulations' list , as well as the provisions outlined in the Corporate Governance Regulations' list issued by the Capital Market Authority.
- 2) Providing illustrative examples of conflict-of-interest cases that are relevant to the nature of the company's activities.
- 3) Clear procedures for disclosing conflicts of interest in transactions that may result in conflicts of interest and obtaining the necessary licenses or approvals.
- 4) Mandatory continuous disclosure of situations that may lead to conflicts of interest or upon the occurrence of such conflicts.
- 5) Obligation to abstain from voting or participating in decision-making in case of conflicts of interest.
- 6) Clear procedures when the company contracts or deals with a related party, including notifying the regulatory authority and the public promptly of such contracting or dealings, if these involve an amount equal to or exceeding 1% of the company's total revenues according to the latest audited annual financial statements, in accordance with the mechanisms specified in the Business Licensing and Contracting Regulations' list carried out on behalf of the company, wherein a board member has a direct or indirect interest, as issued by the Capital Market Authority.

7) Actions that the board of directors will take if breaches of this policy are identified.

Article Forty-Three: Avoid conflicts of interest

A) A Board Member shall:

- 1) Carry out their duties honestly and with integrity, not placing their personal interests above those of the company and its shareholders, and refrain from exploiting their position for personal gain.
- 2) Avoid conflicts of interest, notify the board of any conflicts that may compromise their neutrality when considering matters presented to the board, and ensure that the board does not involve this member in discussions or count their vote on such matters during board meetings and shareholder assemblies.
- 3) Maintain the confidentiality of information related to the company and its activities, refraining from disclosing it to any person.

B) A Board Member is Prohibited from:

- 1) Voting on board or general assembly resolutions concerning business and contracts conducted on behalf of the company if they have a direct or indirect interest in them.
- 2) Directly or indirectly exploiting or benefiting from any of the company's assets, information, or investment opportunities presented to them a member of the board of directors, or opportunities presented to the company, including investment opportunities that fall within the company's activities or those the company wishes to benefit from. The prohibition applies to a board member who resigns in order to directly or indirectly exploit investment opportunities that the company wishes to pursue, and which they became aware of during their tenure on the board.

Article Forty-Four: Candidate disclosure of conflict of interest

Anyone wishing to nominate themselves for a board membership must disclose to the board and the general assembly any conflicts of interest according to the established procedures of the authority, including:

- 1) Having a direct or indirect interest in business and contracts conducted on behalf of the company for which they seek nomination to its board of directors.
- 2) Engaging in work that could compete with the company or its competition in one of the branches of activity it engages in.

Article Forty-Five: Controls of company competition

In accordance with Article 27 of the Corporate Law Regulations' and related provisions in this Regulations' list , if a member of the board of directors wishes to engage in work that could compete with the company or its competition in one of the branches of activity it engages in, the following must be observed:

1. Notify the board of directors of the competitive activities they intend to undertake and record this notification in the minutes of the board of directors meeting.
2. The interested member should abstain from voting on any decision related to this matter in the board of directors or shareholder assemblies.
3. The board of directors should inform the ordinary general assembly, when convened, about the competitive activities undertaken by the board member, after the board has verified whether these activities compete with the company's business or its competition in one of the branches of activity it engages in, based on criteria issued by the general assembly of the company - upon a proposal from the board of directors and published on the company's website, with annual verification of these activities.
4. Obtain a license from the ordinary general assembly of the company, or from the board of directors under delegation from the ordinary general assembly, permitting the board member to engage in competitive activities.

Article Forty-Six: The concept of competition actions

The concept of engaging in any work that could compete with the company or its competition in one of the branches of activity it engages in includes the following:

- 1) A board member establishing a company or individual institution, or owning a significant percentage of shares or stakes in another company or institution that engages in activities similar to those of the company or its group.
- 2) Accepting membership on the board of directors of a company or institution that competes with the company or its group, or taking on management of a competing individual institution or company in any form, excluding subsidiaries of the company.
- 3) The board member obtaining a commercial agency or similar authority, whether apparent or hidden, for another company or institution that competes with the company or its group

Article Forty- Seven: Refusal to renew the license

If the general assembly refuses to grant the license provided for under Articles 71 and 72 of the Corporate Law Regulations, and Article 46 of the Corporate Governance Regulations' list, the board member must submit their resignation within a deadline set by the general assembly. Otherwise, their membership in the board shall be considered terminated, unless they decide to amend the contract, transaction, competition, or reconcile their situation in accordance with the Corporate Law Regulations' list and their executive regulations before the deadline specified by the general assembly.

Article Forty-Eight: Accepting gifts

Members of the board of directors, members of its committees, and senior executives are not allowed to accept gifts from any person with whom the company has business dealings, if those gifts could lead to a conflict of interest.

Chapter Four: Company Committees Chapter One: General Provisions

Article Forty-Nine: Formation of Committees

In accordance with Article 55 of these regulations' list, the board of directors establishes specialized committees based on the following:

1. The company's needs, circumstances, and conditions to enable effective performance of their tasks.
2. The formation of committees follows general procedures set by the board, which include defining the mission of each committee, its term of office, the authorities granted to it during this period, and how the board of directors oversees them. The committee
3. Each committee is responsible for its actions before the board of directors, without diminishing the board's responsibility for those actions and the authorities delegated to the committees.
4. The number of committee members shall not be less than **three** and shall not exceed **five**.
5. The chairpersons of the committees or their designated representatives must attend the general meetings to answer shareholders' questions.
6. The company must notify the authority of the names of committee members and their roles **within five working days** of their appointment, and any changes to this within five working days of such changes.
- 7- Al-Andalus Property Co. (The company) has merged the Nomination and Remuneration Committees into one committee called the Nomination and Remuneration Committee, as permitted by the regulations' list , ensuring that it fulfills the specific requirements of each, and all related authorities, with the committee meeting regularly, at least every six months.

Article Fifty: Committees Membership

A. A sufficient number of non-executive members of the board of directors must be appointed to committees responsible for tasks that may involve conflicts of interest, such as ensuring the integrity of financial and non-financial reports, reviewing related party transactions, nominating board members, appointing executives, and determining compensation. The chairpersons and members of these committees commit to duties of care, loyalty, and prioritizing the interests of the company and shareholders over personal gain.

B. The company ensures that when forming the Nomination and Remuneration Committee, its members are independent directors of the board. It may also enlist non-executive members or individuals outside the board, whether shareholders or others, provided that the committee chairperson mentioned in this paragraph is an independent member.

C. Chairpersons of the Board of Directors are not allowed to be members of the Audit Committee. They may participate in other committees, provided they do not hold the position of chairperson in committees specified by the Corporate Governance Regulations' list issued by the Capital Market Authority.

Article Fifty-One: Studying Matters

A) The committees undertake the study of matters within their jurisdiction or referred to them by the Board of Directors, and they submit their recommendations to the Board for decision- making, or they make decisions if delegated to do so by the Board, while considering paragraph

(b) of Article 20 the "Corporate Governance Regulations' list".

b. Committees may seek the assistance of experts and specialists from within or outside the company within the scope of their authority, provided that this is ensured in the committee meeting minutes, specifying the name of the expert and their relationship to the company or executive management.

Article Fifty-Two: Committee meetings

- A. No member of the Board of Directors or the executive management, except the committee secretary and committee members, may attend committee meetings unless the committee requests their opinion or seeks their advice.
- B. For committee meetings to be valid, a majority of its members must be present, and its decisions are issued by a majority vote of those present. In case of a tie, the side supported by the chairman of the meeting prevails.
- C. Committee meetings must be documented, and minutes must be prepared including discussions, deliberations, committee recommendations, voting results, and kept in a special and organized register. The minutes should indicate the names of attending members, any reservations expressed, if any, and must be signed by all attending members.

Chapter Two: Audit Committee Article Fifty-

Three: Formation of the Audit Committee

1. The Board of Directors shall, by a resolution, form a committee called the Audit Committee, consisting of shareholders or non-shareholders, provided that it does not include any of the executive directors of the Board of Directors.
2. At least one independent member shall be among the members of the Audit Committee
3. The number of members of the Audit Committee shall not be less than **three** and not more than **five**, and among them shall be a specialist in financial and accounting affairs.
4. The General Assembly of the Company shall, based on a proposal from the Board of Directors, issue the work regulations' list of the Audit Committee which shall include the controls and procedures for the Committee's work and its tasks, the rules for selecting its members, how they are nominated, the duration of their membership, their remuneration, and the mechanism for temporarily appointing members in case a seat on the Committee becomes vacant.
5. No one who has worked or has been employed in the executive or financial management of the company or with the company's auditor during the previous two years may be a member of the Audit Committee.
6. It is stipulated that a member of the Audit Committee may not hold membership on the audit committees of more than five listed companies at the same time.

Article Fifty - Four: Scope of the Committee's Competencies, Powers, and Responsibilities

The Audit Committee is responsible for overseeing the company's operations and verifying the integrity and fairness of the financial reports and statements, and the internal control systems therein. The Committee's duties specifically include the following:

A) Financial Reports:

- 1) Studying the company's interim and annual financial statements before presenting them to the Board of Directors, expressing an opinion and making recommendations regarding their integrity, fairness and transparency.
- 2) Providing a technical opinion at the request of the Board of Directors on whether the Board's report and the company's financial statements are fair, balanced, understandable and include the information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.
- 3) Studying any significant or unusual matters contained in the financial reports.
- 4) Thoroughly investigating any matters raised by the company's Chief Financial manager, Compliance manager or the Auditor.

- 5) Verifying the accounting estimates in the material matters contained in the financial reports.
- 6) Studying the accounting policies followed in the company and providing an opinion and recommendation to the Board of Directors in this regard.

B) Internal Audit:

- 1) Studying and reviewing the company's internal control and financial control, and risk management systems.
- 2) Studying the internal audit reports and following up on the implementation of the corrective actions for the observations mentioned therein.
- 3) Oversight and supervision of the performance and activities of the internal auditor and the internal audit department in the company to verify the availability and effectiveness of the necessary resources in carrying out the assigned tasks and duties.
- 4) Recommending to the Board of Directors the appointment of a manager of the internal audit unit or department or the internal auditor and proposing their compensation.

C) Auditor

- 1) Recommending to the Board of Directors the nomination, dismissal, and determination of the fees of the auditors, and evaluating their performance after verifying their independence and reviewing the scope of their work and the terms of their contract.
- 2) Verifying the independence, objectivity, and fairness of the auditor, and the effectiveness of the audit work, considering the relevant rules and standards.
- 3) Reviewing the company's auditor's plan and work, and verifying that they do not provide any technical, administrative or advisory services that go beyond the scope of the audit work and expressing views on this.
- 4) Answering the inquiries of the company's auditor.
- 5) Studying the auditor's report and observations on the financial statements and follow up on what has been taken in this regard.

D) Ensuring Compliance

- 1) Reviewing the results of regulatory authorities' reports and verifying that the company has taken the necessary actions in this regard.
- 2) Verifying the company's compliance with relevant laws, regulations, policies, and instructions.
- 3) Reviewing the contracts and transactions proposed to be conducted by the company with related parties and submitting its views on this to the Board of Directors.
- 4) Raising any issues it deems necessary to take action on to the Board of Directors and making recommendations on the actions to be taken.

Article Fifty-Fif: Occurrence of a conflict between the Audit Committee and the Board of Directors

If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board rejects taking the Committee's recommendation regarding the appointment, dismissal, and determination of the fees of the company's external auditor, the evaluation of their performance, or the appointment of the internal auditor, the Board of Directors' report must include the Committee's recommendation and its justifications, and the reasons for not adopting it.

Article fifty-Six: Meetings of Audit Committee

- 1) The Audit Committee shall meet periodically, with no less than **four** meetings during the company's fiscal year.
- 2) The Audit Committee shall meet periodically with the company's auditor, and with the company's internal auditor.
- 3) The internal auditor and the auditor have the right to request a meeting with the Audit Committee whenever the need arises.

Article Fifty- Seven: Arrangements for Submitting Observations

The Audit Committee shall establish a mechanism that enables the company's employees to submit their observations regarding any violations in the financial reports or otherwise, in confidence. The Committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the magnitude of the error or violation and adopting appropriate follow-up measures.

Article Fifty- Eight: Authorities of the Audit Committee

In order to perform its duties, the Committee shall have the right to:

- 1) To access the company's records and documents.
- 2) To request any clarification or statement from the members of the Board of Directors or the Executive Management.
- 3) To request the Board of Directors to convene the General Assembly of the company if the Board of Directors hinders its work or the company is exposed to serious damage or losses.

Chapter Three: Nomination and Remuneration Committee Article Fifty- Nine: Formation

of the Nomination and Remuneration Committee

- A) A committee called the Nomination and Remuneration Committee shall be formed by a resolution of the company's Board of Directors from among non-executive board members, with at least one independent member.
- B) The General Assembly of the company, based on a proposal from the Board of Directors, shall issue the work regulations' list of the Nomination and Remuneration Committee, including the controls and procedures for the Committee's work, its duties, the rules for selecting its members, the duration of their membership, and their remuneration.

Article Sixty: Competencies of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall be competent in the following:

A) Competencies related to Nominations:

- 1) Proposing clear policies and criteria for membership on the Board of Directors and the Executive Management.
- 2) The Board of Directors' recommendation to nominate members to the Board and re-nominate them according to the approved policies and criteria, taking into account not nominating any person previously convicted of a crime involving dishonesty.
- 3) Preparing a description of the required capabilities and qualifications for Board of Directors membership and executive management positions.
- 4) Determining the time the member is required to allocate to the Board of Directors' work.
- 5) Annual review of the necessary skills or appropriate expertise required for Board of Directors membership and executive management positions.
- 6) Reviewing the structure of the Board of Directors and executive management and providing recommendations regarding any changes that can be made.
- 7) Annually verifying the independence of the independent members, and the absence of any conflict of interest if the member holds a board position in another company.
- 8) Establishing job descriptions for executive members, non-executive members, independent members, and senior executives.
- 9) Establishing special procedures in the event of a vacancy in the position of a Board member or senior executive.
- 10) Identifying weaknesses and strengths in the Board of Directors and proposing solutions to address them in line with the company's interest.

B) Remuneration Committee Responsibilities:

- 1) Preparing a clear remuneration policy for the members of the Board of Directors, its committees, and the executive management, and submitting it to the Board of Directors for consideration prior to adoption by the General Assembly, ensuring that the policy is based on performance criteria, disclosed, and its implementation verified.
- 2) Clarifying the relationship between the granted remuneration and the applicable remuneration policy and stating any significant deviation from this policy.
- 3) Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
- 4) Recommending to the Board of Directors the remuneration of the members of the Board of Directors, its committees, and the senior executives of the company, in accordance with the approved policy.

Remuneration Policy:

Without prejudice to the provisions of the Companies Law, the Capital Market Law, and their implementing regulations' list , the following must be observed in the **remuneration policy**:

- 1) Its alignment with the company's strategy and objectives.
- 2) The remuneration should be designed to motivate the members of the board of directors and the executive management to succeed and develop the company in the long term, such as linking the variable part of the remuneration to long-term performance.
- 3) The remuneration should be determined based on the level of the position, tasks, and responsibilities assigned to the incumbent, as well as their academic qualifications, practical experience, skills, and performance level.
- 4) Its alignment with the size, nature, and degree of risks of the company.
- 5) Considering the remuneration practices of other companies, while avoiding any unjustified increase in remuneration and compensation.
- 6) Aiming to attract, retain, and motivate professional competencies, without exaggeration.
- 7) Prepared in coordination with the Nomination and Remuneration Committee when making new appointments
- 8) Considering cases of suspending or recovering the remuneration if it is found to have been determined based on inaccurate information provided by a member of the board of directors or the executive management, in order to prevent the exploitation of the job position to obtain undeserved remuneration.
- 9) Organizing the granting of company shares to members of the board of directors and the executive management, whether through a new issue or shares purchased by the company.

Article Sixty- One: Nomination Procedures

- A) The Nomination and Remuneration Committee, when nominating members of the Board of Directors, must take into account the conditions and provisions set forth in this regulations' list , as well as the requirements determined by the Authority.
- B) The number of nominated candidates for the Board of Directors whose names are presented to the General Assembly must exceed the available seats, so that the General Assembly has the opportunity to choose among the candidates.

Article Sixty- Tow: Announcement of Nomination

The company must publish the nomination announcement on the company's website, the market's website, and any other means determined by the Authority, in order to invite persons wishing to be nominated for Board membership provided that the nomination right shall be effective for only **one month** at least from the date of announcement.

Article Sixty -Three: (Shareholder's Right to Nomination)

Without prejudice to the provisions of this chapter, every shareholder in the company has the right to nominate himself or others for Board membership in accordance with the provisions of the Companies Law and its Executive Regulations' list.

Article Sixty-Four: Meetings of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall convene periodically at least (twice in annually) and whenever the need arises.

Chapter Five: Internal Control Article Sixty-

Five: 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 and the application of the company's corporate governance rules, and to comply with the relevant regulations' list and laws. This system must ensure the adoption of clear standards of responsibility at all executive levels in the company and that related party transactions are carried out in accordance with their provisions and controls.

Article Sixty- Six: Establishing Independent Units or Departments in the Company

- 1) The company shall establish, to implement the approved internal control system, independent units or departments for evaluation, risk management and internal audit.
- (2) The company may seek the assistance of external entities to perform the tasks and competencies of the evaluation, risk management and internal audit units or departments, without prejudice to the company's responsibility for those tasks and competencies.

Article Sixty – Seven: The Internal Audit Unit or Department tasks

The Internal Audit Unit or Department is responsible for evaluating the internal control system and overseeing its implementation, as well as verifying the company's and its employees' compliance with applicable laws, regulations' list , instructions, and the company's policies and procedures.

Article Sixty – Eight: Formation of The Internal Audit Unit or Department

The Internal Audit Unit or Department shall consist of at least one internal auditor, recommended for appointment by the Audit Committee and responsible to it, and the formation of the Unit or Department shall consider the following:

- 1- The employees must have the necessary competence, independence, and appropriate training, and they shall not be assigned any other tasks that conflict with the internal audit and the internal control system or violates its independent.
- 2- The Unit or Department shall submit its reports to the Audit Committee and be linked to it and responsible to it.
- 3- The compensation of the Head of the Internal Audit Unit or Department shall be determined based on the Audit Committee's proposal, in accordance with the company's policies.

- 4- They shall be enabled to access and obtain information, documents, and records without restriction.

Article Sixty – Nine: Internal Audit Plan

The internal audit unit or department works according to a comprehensive audit plan approved by the audit committee, and this plan is updated annually. The main activities and operations, including risk management and compliance management, must be reviewed at least annually.

Article Seventy: Internal Audit Report

- A- The internal audit unit or department shall prepare a written report on its work and submit it to the Board of Directors and the Audit Committee at least quarterly. This report shall include an evaluation of the company's internal control system and the results and recommendations reached by the unit or department, and a statement of the procedures taken by each department regarding... Addressing the results and recommendations of the previous review and any comments thereon, especially in the event of not being addressed in a timely manner and the reasons for that.
- B- The internal audit unit or department prepares a general written report and submits it to the Board of Directors and the Audit Committee on the audit operations that! During the fiscal year and comparing it with the approved one, it shows the reasons for any violation or deviation in the implementation of the plan, if any, during the quarter following the end of the relevant fiscal year.
- C- The Board of Directors determines the scope of the report of the internal audit unit or department based on the recommendation of the Audit Committee and the internal audit unit or department, provided that the **report specifically includes the following:**
- 1) Procedures for control and supervision of financial affairs - investments and risk management.
 - 2) Evaluating the development of risk factors in the company and existing systems facing radical or unexpected changes.
 - 3) Evaluate the performance of the Board of Directors and senior management in implementing the internal control system, including determining the number of times the Board was notified of control issues (including risk management) and the way it addressed these issues.
 - 4) Failures in implementing internal control, weaknesses in its application, or emergency situations which affected or may affect the company's financial performance and the procedure followed by the company to address this failure, especially the problems disclosed in the company's annual reports and financial statements).
 - 5) The extent of the company's compliance with internal control systems while identifying and managing risks.
 - 6) Information describing risk management processes in the company.

Article Seventy-One: Saving internal audit reports

The company shall keep audit reports and work documents clearly including what was accomplished and its conclusions including Findings and recommendations and what might be taken regarding them.

Sixth Chapter: the company's auditor Article

Seventy-Two: Assigning the task of auditing accounts

The company assigns the task of auditing its annual accounts to an auditor who has independence, competence, experience, and qualifications to prepare an objective, independent report for the Board of Directors and shareholders in which he explains whether the financial statements are in material respects clearly and fairly changes from the company's financial high position.

Article Seventy-Three: Appointment of the auditor

The Ordinary General Assembly appoints the company's auditor based on the nomination of the Board of Directors, considering the following:

- 1) The nomination must be based on the recommendation of the review committee.
- 2) He must be licensed and meet the conditions set by the competent authority.
- 3) The interests do not conflict with the interests of the company.
- 4) The number of candidates shall not be less than two auditors.

Article Seventy-Four: Duties of the Auditor The auditor shall:

- 1) Perform the duties of care and honesty in the company.
- 2) Informing the Authority if the Board of Directors does not take appropriate action regarding the suspicious issues raised by him.
- 3) To ask the Board of Directors to convene Ordinary General Assembly if the Board of Director does not facilitate its work and it will be responsible for compensating the damage that befalls the company, shareholders, or others due to errors committed by him in performing the work, and if there are multiple auditors and they participate in the wrong they were jointly responsible.

Chapter Seven: Stakeholders Article Seventy-Five:

Regulation of Relationship with Stakeholders

The Board of Directors shall set clear and written policies and procedures to regulate the relationship with stakeholders to protect them and preserve their rights, provided that they especially include the following:

- (1) How to compensate stakeholders for any violation of their rights as stipulated or protected by the systems and contracts.
- (2) How to settle complaints or disputes that may arise between the company and stakeholders.
- (3) How to build good relationships with customers and suppliers and maintain the confidentiality of information relating to them.
- (4) Rules of professional conduct for the company's directors and employees, so that they comply with professional standards and sound ethics and regulate the relationship between them and stakeholders, on condition that the Board of Directors develop mechanisms to monitor the application and compliance with these rules.
- (5) The company's social contribution.
- (6) Ensuring that the company's dealings with members of the Board of Directors and relevant parties are conducted in accordance with the terms and conditions followed with stakeholders without any discrimination or preferential treatment.
- (7) Stakeholders' access to information related to their activities in a manner that enables them to perform their duties, ensuring that such information is accurate, sufficient, timely and regular.
- (8) Treating the company's employees in accordance with the principles of justice, equality and non- discrimination.

Article Seventy -Six: Reporting Malpractices

The Board of Directors, based on the proposal of the Audit Committee, shall set necessary policies and procedures to be followed by stakeholders as they submit their complaints or report malpractices, subject to the following:

- (1) Facilitate reporting by stakeholders, including company employees, to the Board of Directors about any actions or practices by the executive management that may violate the applicable regulations' list , bylaws, and rules, or raise suspicions about the financial statements or internal

control systems, or others, whether or not such actions or practices are directed at them, and to conduct the necessary investigation into them.

- (2) Maintain the confidentiality of reporting procedures by facilitating direct contact with an independent member of the Audit Committee or other relevant committees.
- (3) Assign a qualified person to receive complaints or reports from stakeholders and deal with them.
- (4) Allocate a phone number or email to receive complaints.
- (5) Provide the necessary protection for stakeholders.

Chapter Eight: Professional and Ethical Standards Article Seventy - Seven:

Professional Conduct Policy

The Board of Directors shall establish a policy for professional conduct and ethical values in the company, particularly considering the following:

- (1) Emphasize to every member of the Board of Directors, executive management, and employees of the company to do their duties of care and loyalty towards the company and everything that preserves the company's interests, develops it, and maximizes its value, and not to prioritize their personal interests over the company's interests under any circumstances.
- (2) A Board member represents all shareholders in the company, and is committed to achieving the company's interests and the interests of the shareholders, and considering the rights of other stakeholders, and not just the interests of the group that elected him.
- (3) Entrench the principle of commitment of the Board members and senior executives to all relevant regulations' list , bylaws, and instructions.
- (4) Prevent any Board member or executive management member from exploiting their position for personal gain or the benefit of others.
- (5) Emphasize that the use of the company's assets and resources be limited to achieving the company's purposes and objectives, and not to exploit those assets or resources to achieve personal interests.
- (6) Develop precise, rigorous, and clear rules that regulate the authority and timing to access and review the company's internal information to prevent Board members, executive management, and others from benefiting from it or disclosing it to anyone except within the prescribed or permissible limits by regulations' list or system.

Article Seventy - Eight: Social Liability

The Ordinary General Assembly shall establish, based on a proposal from the Board of Directors, a policy that ensures achieving a balance between the company's objectives and the objectives that the community aspires to achieve, to develop the social and economic conditions of the community.

Article Seventy - Nine: Social Work Initiatives

The Board of Directors shall establish programs and determine the necessary means to implement the company's initiatives in the field of social work, including the following:

- (1) Developing performance indicators that link the company's performance to what it offers in social work initiatives, and comparing this to other companies with similar activities.
- (2) Disclosure of the social responsibility objectives that the company adopts for its employees, and to raise their awareness and educate them about them.
- (3) Disclosure of plans to achieve social responsibility in periodic reports related to the company's activities.
- (4) Develop awareness programs to introduce the company's social responsibility to the community.

Chapter Nine: Disclosure and Transparency Article Eighty:

Policies and Procedures of Disclosure

Without prejudice to the rules for issuing securities and ongoing obligations, and the listing rules, the Board of Directors shall establish written disclosure policies and procedures and its supervisory regulations' list , in accordance with the disclosure requirements set forth in the Companies Law and the Capital Market Law and their implementing regulations' list , as applicable, taking into account the following:

- (1) That those policies include appropriate disclosure methods to enable shareholders and stakeholders to access and review the financial and non-financial information related to the company, its performance, and share ownership, and to understand the company's position comprehensively.
- (2) That disclosure to shareholders and investors should be without discrimination, and in a clear, accurate, and non- misleading manner, at the appropriate time and on a regular and accurate basis, in order to enable shareholders and stakeholders to exercise their rightsfully.
- (3) The company website shall include all the information required to be disclosed and any other data or information published through other means of disclosure.
- (4) Preparing reporting systems that include identifying the information that must be disclosed, and the method of classifying it according to its nature or the periodicity of its disclosure.
- (5) Periodically reviewing the disclosure policies, and verifying their compliance with best practices, and with the provisions of the Capital Market Law and its implementing regulations.

Article Eighty-One: The Report of the Board of Directors

The report of the Board of Directors must include a presentation of its operations during the past fiscal year, and all factors affecting the company business. The report of the Board of Directors must include the following:

- (1) What provisions of these regulations' list have been applied and what has not been applied and the reasons for that.
- (2) The names of the members of the Board of Directors, and the members of the committees and the executive management and their current and previous positions and their qualifications and experience.
- (3) The names of companies inside or outside the Kingdom of which a member of the company Board of Directors is a member in its current and previous management or its managers.

- (4) The composition of the Board of Directors and the classification of its members as follows: Executive Board Member, Non-Executive Board Member, Independent Board Member.
- (5) The measures taken by the Board of Directors to inform its members, especially non- executive members, of the shareholders' proposals and observations regarding the company and its performance.
- (6) A brief description of the committees' powers and duties, such as: the Audit Committee, the Remuneration and Nominations Committee, including the names of the committees, their heads and members, the number of their meetings and the dates of their meetings, and the attendance data for members of each meeting.
- (7) Where applicable, the means on which the Board of Directors relied is assessing its performance and the performance of its committees and members, and the third party that conducted the assessment and its relationship to the company, if any.
- (8) Disclosure of the remuneration of members of the Board of Directors and executive management in accordance with the provisions of Article Ninety of these regulations' list.
- (9) Any penalty, sanction, precautionary measure, or restriction imposed on the company by the authority or any supervisory or regulatory or judicial body, stating the reasons for the violation, the party causing it, and the means of redress and avoiding its occurrence in the future.
- (10) The results of the annual audit of the effectiveness of the company's internal control procedures, in addition to the Audit Committee's opinion on the adequacy of the company's internal control system.
- (11) Recommendation of the Audit Committee to appoint an internal auditor **in the company if it recommended its appointment during the past fiscal year.**
- (12) Recommendations of the Audit Committee that conflict with the decisions of the Board of Directors, or those that the Board rejected regarding the appointment, dismissal, determination of the fees of, and evaluation of the performance of the company's auditor or the appointment of the internal auditor and the justifications for those recommendations and the reasons for not accepting them.
- (13) Details of the company's social contributions, if any.
- (14) A statement of the dates of the general assembly of shareholders held during the past fiscal year and the names of the members of the Board of Directors attending these meetings.
- (15) A description of the types of the company's main activities and its subsidiaries. If two or more types of activity are described, a statement of each activity and its impact on the company's business volume and its contribution to the results must be attached.

- (16) A description of the company's important plans and decisions (including structural changes to the company or expansion of its operations or cessation of its operations) and future expectations for the company's operations.
- (17) Information related to any risks facing the company (whether operational risks, financing risks, or market risks) and the company's policy for managing and monitoring these risks.
- (18) A summary in the form of a table or chart of the company's assets and liabilities and the results of its operations for the last five fiscal years or since its establishment, whichever is shorter.
- (19) A geographical analysis of the total revenues of the company and its subsidiaries.
- (20) A clarification of any material differences in the operating results from the results of the previous year or any forecasts announced by the company.
- (21) A clarification of any differences from the accounting standards adopted by the Saudi Organization for Chartered and Professional Accountants.
- (22) The name of each subsidiary company, its capital, the percentage of ownership of the company in it, its main activity, the country where its main operations are located, and the country where it was incorporated.
- (23) Details of the shares and debt instruments issued by each subsidiary company.
- (24) A description of the company's policy for distributing dividends to shareholders.
- (25) Disclosure of details of policies related to **remuneration** and mechanisms for determining them, and the amounts and financial and in-kind benefits paid to each member of the Board of Directors for any work or executive, technical, administrative or consulting positions.
- (26) Details of the profit rates that were distributed to shareholders during the different periods of the fiscal year, in addition to the profit rates proposed for distribution at the end of the fiscal year and the total of these profits.
- (27) Description of [NA60] [NA61] any interest in a class of voting shares held by persons other than members of the company's Board of Directors and senior executives and their relatives, who have notified the company of those rights pursuant to Article Eighty-Five of the Issuance of Securities and Ongoing Obligations Regulations' list , and any changes in those Equities during the past fiscal year.
- (28) Description of any interest and contractual financial instruments and subscription rights held by members of the company's Board of Directors and senior executives and their relatives

in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or those Equities during the past fiscal year.

(29) Information on any loans to the company, whether payable on demand or otherwise, and disclosure of the total indebtedness of the company and its subsidiaries and any amounts paid by the company in repayment of loans during the year, the principal amount of the loan, the name of the lending party, its term and the outstanding amount. In the absence of any loans on the company, it shall submit a statement to that effect.

(30) Description of the categories and numbers of any transferable debt instruments and any contractual financial papers or memoranda of subscription rights or similar rights issued or granted by the company during the financial year, with clarification of any compensation received by the company in return.

(31) Description of any conversion or subscription rights under transferable debt instruments or contractual financial papers or memoranda of subscription rights or similar rights issued or granted by the company.

(32) Description of any redemption, purchase or cancellation by the company of any transferable debt instruments, and the value of the remaining securities, distinguishing between the listed securities purchased by the company and those purchased by its subsidiaries.

(33) Number of meetings of the Board of Directors held during the past fiscal year, their dates of convening, and a record of attendance for each meeting, specifying the names of attendants.

(34) The number of the company's requests to the register of shareholders and the dates of those requests and their reasons.

(35) Description of any transaction between the company and a related party.

(36) Information related to any works or contracts in which the company is a party, and in which there is or was an interest for any member of the company's Board of Directors or senior executives therein, or any person related to any of them, so that it includes the names of those concerned with the works or contracts and the nature of these works or contracts and their conditions, term and amount. If there are no works or contracts of this kind, the company shall submit a statement to that effect.

(37) A statement of any arrangements or agreements whereby a member of the company's Board of Directors or a senior executive waives any remuneration.

- (38) A statement of any arrangements or agreements whereby a shareholder of the company waives any right to profit.
- (39) A statement of the regular payments paid and due for payment of any zakat, taxes, fees, or any other dues not paid until the end of the fiscal year, with a brief description thereof and a statement of their reasons.
- (40) Clarification of the value of any investments or reserves that were established for the benefit of the company's employees.
- (41) Declarations of the following:
- a. That the accounting records have been prepared correctly.
 - b. That the internal control system has been established on a sound basis and implemented effectively.
 - c. That there is no doubt about the company's ability to continue its activity.
- (42) If the auditors' report includes reservations about the annual financial statements, the Board of Directors' report must clarify those reservations and their reasons and any information related to them.
- (43) If the Board of Directors recommends changing the auditors before the end of their appointed term, the report must include that, stating the reasons for the recommendation for change.
- (44) Information related to any businesses competing with the company or any of its branches of activity that are practiced or were practiced by any member of the Board of Directors, which includes the names of those concerned with the competing businesses and the nature of these businesses and their conditions. If there are no businesses of this kind, the company shall submit a statement to that effect.

Article Eighty-Tow: The Report of the Audit Committee

- A) The Audit Committee Report shall include details of its performance of its duties and responsibilities as stipulated in these regulations' list. The report shall also include the Committee's recommendations and its view on the adequacy of the internal audit, financial control and risk management systems in the company.
- B) The Board of Directors shall deposit sufficient copies of the Audit Committee Report at the company's headquarters and publish it on the company's website and the stock exchange website upon issuance of the notice convening the general assembly to enable any interested shareholder to obtain a copy thereof, and a summary of the report shall be read out during the general assembly meeting.

Article Eighty-Three: The Disclosure of Directors Members

The Board of Directors shall organize the disclosure procedures for each of its members and members of the executive management, taking into account the following:

- (1) Establishing a special register for disclosures of Board members and executive management members and updating it periodically, in accordance with the disclosures required by the Companies Law, the Capital Market Law and their executive regulations.
- (2) Making the company's shareholder register available for viewing free of charge.

Article Eighty-Four: Disclosure of Remuneration

A) The Board of Directors shall comply with the following:

- (1) Disclosure of the remuneration policy and how remuneration for the Board of Directors and executive management of the company is determined.
- (2) Accurate, transparent, and detailed disclosure in the Board of Director's report on the remuneration awarded to members of the Board of Directors and executive management, directly or indirectly, without concealment or misleading, whether in the form of amounts, benefits, or advantages of any nature or name. If the benefits are shares in the company, the value entered for the shares shall be the market value at the due date.
- (3) Clarification of the relationship between the remuneration awarded and the applicable remuneration policy, and stating any material deviation from this policy.



(4) Disclosure of the necessary details regarding the compensation and remuneration paid to each of the following, separately:

A. Members of the Board of Directors.

B. The five highest-paid executives who received remuneration from the company, including the CEO and CFO.

C. Members of the committees.

B) The disclosure referred to in this Article shall be made in the Board of Directors' report and in accordance with the attached schedules.

Chapter Ten: The Application of Corporate Governance Article Eighty-Five: The

Application of Effective Governance

The Board of Directors shall establish corporate governance rules for the company that are not inconsistent with the mandatory provisions stipulated in the Corporate Governance

Regulations' list issued by the Capital Market Authority, and accordingly monitor their application, verify their effectiveness and amend them when necessary. To this end, the Board shall undertake the following:

1. Verify the company's commitment to these rules.
2. Review and update the rules in accordance with regulatory requirements and best practices.
3. Review and develop the code of professional conduct that reflects the company's values, and other internal policies and procedures to meet the company's needs and comply with best practices.
4. Keep the members of the Board of Directors informed of developments in corporate governance and best practices or delegate this task to the Audit Committee or any other committee or management.

Chapter Eleven: Retention of Documents Article Eighty-

Six: Retention of Documents

The company must keep all minutes, reports, and other documents required to be retained under these Regulations' list at the company's headquarters for a minimum of ten years. This includes the Board of Directors' report and the Audit Committee's report without prejudice to such period. In the event of a lawsuit, including any existing lawsuit or threatened lawsuit, or a claim or any ongoing investigation related to those minutes or reports or documents, the company shall retain them until the conclusion of that lawsuit or claim or ongoing investigation procedures.

Chapter Twelve: Final Provisions Article Eighty-

Saven: Presenting Information and Additional Data

The Authority may request the company to provide it with any information or additional data that it deems necessary to verify compliance with the provisions of these Regulations list.

Article Eighty-Eight: Publication and Effectiveness

These Regulations shall be effective as of the date of the decision of their adoption.