

Sports Club Company

Corporate Governance Manual

Version:

This Manual was approved by the Board of Directors of the Sports Club Company, in its meeting held on 28/07/2024.

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Chapter 1: Foundational Principles on Corporate Governance

1. Introduction:

The Corporate Governance Manual (Charter) of the Company is the set of rules that govern the management, direction, and control of the Sports Clubs Company. It defines the roles, rights, and responsibilities of various parties within the Company, thereby ensuring the maintenance of organizational discipline.

Corporate Governance comprises the entirety of the relationships among the company's management, board, committees, shareholders, regulators, and other stakeholders. The primary aim of corporate governance principles is to foster and sustain increasing value for shareholders, which in turn benefits the company as a legal and economic entity. To realize this objective, among various other factors, it is essential to establish clear principles for effective oversight and sound governance, as well as to document disciplined and efficient corporate governance practices that serve as a foundation for enhancing the company's profitability and stability over both the short and long term.

The Corporate Governance Manual outlines the principles that guide the company's operations and defines the roles and responsibilities associated with its oversight framework. It elaborates on the governance practices and oversight activities that are integral to the company's management and accountability.

This manual should be incorporated into the internal systems and procedures of the Company, while also taking into account its interrelation with other relevant laws, regulations, and guidelines.

2. Objectives:

These Rules aim at establishing an effective legal framework to govern the Company, and particularly aim at the following:

- Enhancing the role of the Company's shareholders and facilitating the exercise of their rights.

- Stating the competencies and responsibilities of the Board and the Executive Management.
- Enhancing the role of the Board and the committees and developing their capabilities to enhance the Company's decision-making mechanisms.
- Achieving transparency, impartiality and equity in the Exchange, its transactions, and the business environment and enhance disclosure therein.
- Providing effective and balanced tools to deal with conflicts of interest.
- Enhancing accountability and control mechanisms for the Company's employees.
- Establishing the general framework for dealing with Stakeholders and protecting their rights.
- Supporting the effectiveness of the system for overseeing companies and the tools thereof.
- Raising the awareness of companies in respect of the concept of professional conduct and encouraging them to adopt and develop such concept in accordance with their nature.

3. Definitions:

Company: Sports Club Company

Governance Rules: The rules applicable to the company.

Authority or CMA: The Capital Market Authority (CMA).

Ministry: The Ministry of Commerce.

Companies Law: The Companies Law issued under Royal Decree No. (M/132) dated 1/12/1443H, including subsequent amendments from time to time.

Corporate Governance Regulations: The governance regulations for listed joint-stock companies issued by the Authority.

Bylaws: The Company's Bylaws.

Board of Directors: The Company's Board of Directors.

Market Website: The Saudi Stock Exchange "Tadawul" website.

Shareholders' Assembly: an assembly consisting of the shareholders in the Company formed in accordance with the provisions of the Companies Law and the Company's bylaws.

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

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

Independent Member: a non-executive member of the Board who enjoys complete independence in his position and decisions and none of the independence affecting issues stipulated in Article (5) of chapter 3 of these rules apply to him.

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

Relatives:

- Fathers, mothers, grandfathers, and grandmothers (and their ancestors).
- Children and grandchildren and their descendants.
- Siblings, maternal and paternal half-siblings.
- Husbands and wives.

Related Parties:

1. affiliates of the Company except for wholly owned companies.
2. substantial shareholders of the Company.
3. directors and senior executives of the Company.
4. directors of affiliates of the Company.
5. directors and senior executives of substantial shareholders of the Company.

6. any relatives of persons described at (1), (2), (3) or (5) above.
7. any company controlled by any person described at (1), (2), (3), (5) or (6) above.

For the purposes of paragraph (6) of this definition, the term “relatives” shall mean a parent, spouse, and children.

Group: The Company and any of its subsidiaries.

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

Major Shareholders: Any person who owns (5%) or more of the Company’ shares or voting rights therein.

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

Cumulative Voting: A voting method for electing board members that allows each shareholder to cast votes equivalent to the number of shares they own, which they may allocate entirely to one candidate or distribute among several candidates without repetition.

Subsidiary: Any entity controlled by another entity, whether domestically (registered within the Kingdom) or internationally (registered outside the Kingdom).

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

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

Remuneration: amounts, allowances, dividends and the like, periodic, or annual bonuses linked to performance, long or short-term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Company to enable the Board member to perform his duties.

The definitions provided in the Corporate Governance Regulations and the Glossary of Terms Used in the Rules and Regulations of the Capital Market Authority (CMA) are considered as the primary references for any undefined terms in these rules.

Chapter 2: Shareholders of the Company

1. Fair Treatment of Shareholders:

- a) The Board and executive management shall uphold and protect shareholder rights, ensuring equitable treatment and non-discrimination among all shareholders, and shall not prevent them accessing any of their rights.
- b) The Company assures that its internal policies and procedures do not involve or suggest any actions that may jeopardize or exhibit bias towards the rights of shareholders possessing the same class of shares. This dedication is founded on the principles of fairness, transparency, and equitable treatment in all transactions.
- c) The Board is responsible for ensuring that shareholders of the same class receive, in a timely, clear, fair, detailed, and non-misleading manner, all necessary information regarding the Company, and such information shall be continuously updated. The Board shall employ the most effective methods of communication to share this information, guaranteeing non-discriminatory access for all shareholders.
- d) The Board ensures to fostering transparent communication with shareholders, ensuring it is based on a shared comprehension of the Company's strategic objectives and interests.

- e) The Chairman of the Board and the Chief Executive Officer are required to evaluate and deliberate on shareholder opinions and proposals in conjunction with the other board members, in a manner that does not contradict with the Companies Law, the Capital Market Law, the company's bylaws, and do not adversely affect the interests of the company.
- f) It is expressly stated that shareholders shall not intervene in the functions of the Board or the executive management, unless they are serving as members of the Board, or be member of the executive management, or participate through the General Assembly in line with its competencies or as authorized by the Board.

2. Rights related to shares:

- a) To obtain his portion of the net profits which are to be distributed in cash or through the issuance of shares.
- b) To obtain his share of the Company's assets upon liquidation.
- c) To attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions.
- d) To dispose of his/her shares in accordance with the provisions of the Companies Law, The Capital Market Law, and their implementing regulations.
- e) To enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations.
- f) To monitor the performance of the Company and the activities of the Board.
- g) To hold Board members accountable to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company.
- h) Preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the pre-emptive rights are per Article (129) of the company's law.

- i) To record his/her name in the Company's shareholders register.
- j) To request to view a copy of the Company's articles of association and bylaws unless the Company publishes them on its website.
- k) To nominate and elect the Board members.

3. Rights related to Electing the Board Members:

- a) Upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- b) The announcement shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. The Company shall make a copy of the mentioned information available in the Company's head office and its website.
- c) Cumulative voting is required for the election of the Board of member to ensure that the voting rights associated with each share are not exercised more than once. This stipulation is in accordance with the Companies Law and Article 33 of the Company's Bylaws.
- d) Voting in the General Assembly shall be confined to the Board nominees whose information has been announced.

4. Distribution of Dividends:

- In accordance with the Company's bylaws, the General Assembly shall determine the percentage of the net profits to be distributed to the shareholders and deduct the reserves if any, to the extent that it serves the company's interest or ensures the distribution of stable profits - as much as possible - to the shareholders.
- The Board shall establish a clear policy for the distribution of dividends to achieve the interests of the shareholders and the Company as per the Company's bylaw.
- The shareholder is entitled to receive his share of dividends as per:
 - The decision of the General Assembly in respect of the distribution of dividends to shareholders; or
 - The Board resolution on distributing interim dividends.

The resolution shall specify the record date and the distribution date provided that the resolution shall be executed as per the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

In accordance with the stipulations outlined in the Corporate Governance Regulations, the Company has established a clear policy regarding the distribution of dividends, aimed at aligning the interests of both shareholders and the Company. The Dividends Policy is in line with the Company's bylaws and has received approval from the Board. It is regarded as a fundamental component of the Corporate Governance Rules and is incorporated within them.

5. Rights related to the Meeting of General Assembly:

A. Preamble:

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

B. Competencies of the Extraordinary General Assembly:

- The Extraordinary General Assembly shall have the following Competencies:
 - Amending the Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law.
 - Increasing the Company's share capital in accordance with the situations provided by the Companies Law and its implementing regulations.
 - Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and its implementing regulations.
 - Deciding the use of the reserve allocated for specific purposes in the Company's bylaws.
 - Resolving to maintain or liquidate the Company before the end of the term specified in its bylaws.

- Approving the Company's shares buy-back.
- Issuing preferred shares or redeemable shares or approving their buying or converting a type or class of the Company's shares into another type or class of shares as per the Company's bylaws and the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
- Issuing debt instruments or financing deeds convertible into shares and stating the maximum number of shares that may be issued against these instruments or deeds.
- Allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them.
- Suspending preemptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's bylaws.

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

C. Competencies of the Ordinary General Assembly

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

- 1) Electing and removing Board members.
- 2) Permitting a Board member to have:
 - Direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and its implementing regulations.

- Permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law, its implementing regulations and the Company Competition criteria.
- 3) Monitoring the compliance of the Board members with the provisions of the Companies Law and its implementing regulations and other relevant laws and the Company's bylaws.
- 4) Inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company.
- 5) Determine the liability resulting from the violation of the board members and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and its implementing regulations.
- 6) Review and discuss the Company's financial statement.
- 7) Review and discuss the Board report.
- 8) Deciding on the proposals of the Board with respect to the method of distributing the net profits.
- 9) appointing one or more external auditor of the Company, specifying his fees, reappointing him, dismissing him, discussing his report, and making a decision in its regard.
- 10) Looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external auditors, regarding their empowerment by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard;
- 11) Deciding the use of the Company's reserves, if such has not been set aside for a specific purpose in the Company's bylaws, provided that using such reserves shall be based on a proposal of the Board and used in ways that benefit the Company or the shareholders.
- 12) Forming the Company's reserves and determining their uses.

- 13) Setting aside amounts from the Company's net profits to achieve social purposes for the benefit of the Company's employees in accordance with Article (123) of the Companies Law.
- 14) Approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required.

D. Shareholder Assembly

The Ordinary General assembly shall convene in accordance with:

- The General and Special Shareholders' Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and its implementing regulations and the Company's bylaws.
- According to the Company's bylaws, the annual Ordinary General Assembly shall convene at least once within the six months following the end of the Company's financial year. Whenever necessary, additional Ordinary General Assemblies may be called.
- The Board shall invite the Ordinary General Assembly to convene within 30 days from the date of the external auditor request, the audit committee or a number of shareholders holding shares equal to at least (10%) of the company's shares that have voting rights.
- The external auditor may invite the Ordinary General Assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request. This requirement is outlined in Article 30 of the Company's Articles of Association. The request should clearly specify the issues that are to be voted on by the shareholders.

- The date, place and agenda of the General Assembly shall be announced at least twenty-one days prior to the date thereof; the invitation shall be published on the website of the Exchange and the Company's website. In addition, the Company may invite the General and Special Shareholders' Assemblies to convene using contemporary technologies means.
- The Company may amend the agenda of the General Assembly within a period between publishing the announcement and the date of convening the General Assembly meeting, provided that the Company announces this in accordance with the above-mentioned procedures and conditions.
- Shareholders shall be granted the opportunity to effectively participate and vote in the General Assembly meetings. The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
- The Board shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting.
- The Company shall ensure recording the details of the shareholders who desire to attend at the Company's head office prior to the specified time for convening the assembly, unless the Company's bylaw state other means.

E. The Agenda of the General Assembly

1. When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list; shareholders holding no less than (10%) of the Company's shares that have voting rights are entitled to add one or more items to the agenda upon its preparation.
2. The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which any Board member has a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.

3. The shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the audit committee's report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.
4. If there are modifications to the agenda of the General Assembly, The Authority may add any items it deems appropriate to the agenda of the General Assembly. This provision shall not take effect until the Company becomes a publicly listed joint stock Company.

F. Management of the Shareholders' Assembly

1. The Shareholders' General Assembly meetings shall be chaired by the chairman, his deputy (if the chairman is absent) or whom is delegated by the Board of directors of its members (when the chairman and his deputy are absent); and if not possible, the General Assembly shall be chaired by whom the shareholders delegates from the board members or others by voting.
2. The chairman of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly and avoid any procedure that may preventing their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.
3. Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest.
4. Shareholders shall be granted access to the minutes of the General Assembly meeting; and the Company shall provide the Authority with a copy of such minutes within (10) days of the date of any such meeting.

5. If the Company becomes publicly listed company, it shall announce to the public and inform the Authority and the Exchange, as per the rules prescribed by the Authority, of the results of a General Assembly meeting immediately following its conclusion.

G. Voting Rights in Shareholders' General Assembly:

In accordance with the Company's bylaws, resolutions of the Ordinary General Assembly shall be passed by a majority of the voting rights represented at the meeting. Resolutions of the Extraordinary General Assembly require a two-thirds majority of the voting rights represented at the meeting, except when related to increasing or decreasing the Company's capital, extending its duration, dissolving it prior to the expiration of its duration, or merging it with another company. In such cases, resolutions shall only be valid if passed by a three-quarters majority of the voting rights represented at the meeting.

6. Responsibilities of the Shareholder:

The regulations established by the (CMA) delineate the responsibilities of shareholders concerning the notification of the Authority upon the acquisition of substantial ownership interests. Under these regulations, any individual involved in a reportable event is required to inform the market upon obtaining ownership or an interest that equals five percent (5%) or more of any class of the company's shares with voting rights or convertible debt instruments. This notification shall occur within a period not exceeding the conclusion of the third trading day following the completion of the transaction or the event that leads to such ownership or interest. Furthermore, the notification shall encompass a list of individuals who possess an interest in or exercise control over the shares or convertible debt instruments.

The aforementioned individual is also obligated to notify the market of any changes to the list of interested parties, whether due to the inclusion of new individuals or the removal of previously listed individuals. This shall be carried out within a period not exceeding the third trading day following the occurrence of the event that triggered the change in interest.

For the purposes of this Article, when calculating the total number of shares or convertible debt instruments in which a person has an interest, such person shall be deemed to have an interest in any shares or convertible debt instruments held or controlled by any of the following individuals or entities:

1. Relatives of that person.
2. Any Company controlled by that person.
3. Any other parties acting in concert with that individual to acquire an interest in, or to exercise voting rights over, the issuer's shares or convertible debt instruments

The notices referenced in this Article shall be submitted using the prescribed forms, ensuring that, at a minimum, they include the following details:

1. The names of individuals or entities owning shares or convertible debt instruments, or those entitled to exercise control over them.
2. Comprehensive information regarding the acquisition transaction.
3. Details of any financial subsidy provided by third parties for the acquisition, including loans or other financing arrangements.

The CMA rules also specify the responsibilities of a shareholder who is involved in the trading of shares at the time the prospectus is issued, Major shareholders of the Company who appear in the prospectus to own shares in the Company must not dispose of their shares for six months after the date the Company's shares begin trading on the market, unless a longer lock-up period is indicated in the prospectus by the company.

It should be noted that the above obligation applies if the company becomes a listed joint stock, Company.

Chapter 3: The Board of Directors

1. Composition of the Board:

- a. The number of its members shall be suitable for the size and nature of the Company's activities provided that it is not less than three members.

- b. The majority of the Board members shall be of Non-Executive Directors.
- c. The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.

2. Appointment of the Board members Board:

- a. As stated in the Company's bylaws, the Company shall be managed by a Board consisting of six (6) members elected by the General Assembly of shareholders for a term of four (4) years, where the members required to be individuals of natural person status.
- b. The General Assembly shall elect the Board members (through cumulative voting) for a term not exceeding four years, and they may be re-elected.
- c. A Board member shall not be a member of the Boards of more than five listed joint stock companies at the same time.
- d. If the Company becomes a publicly listed Company, it shall notify the Authority of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes.

3. Conditions for the membership of the Board (Guiding Article)

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

- a. **Ability to lead:** the Member shall enjoy leadership skills which enable him to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.

- b. **Competency:** the Member shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law, or governance, as well as the desire to learn and receive training.
- c. **Ability to guide:** the Member shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. The Member shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
- d. **Financial knowledge:** the Member shall have the ability to read and understand financial statements and reports.
- e. **Physical fitness:** the Member shall not suffer from any health issue that may hinder him/her from performing his duties and responsibilities.

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

4. Termination of Board Membership:

- a. As stated in the Company's bylaws, the termination of Board membership shall occur either at the end of the member's term or if the member's qualifications are rendered invalid in accordance with the relevant laws or regulations of the Kingdom. The General Assembly is empowered to remove any or all Board members at any time, without prejudice to the rights of the removed members to claim compensation from the Company if the removal lacks valid justification or occurs at an inappropriate time. Any Board member has the right to resign, provided that the resignation is submitted at an appropriate time; otherwise, the member may be held liable before the Company for any damages that arise from such resignation.

- b. Furthermore, the General Assembly, upon receiving a recommendation from the Board, has the authority to revoke the membership of any member who fails to attend three consecutive Board meetings without a valid justification, or who is absent from five separate meetings during their membership term without an acceptable reason by the Board.
- c. Should the Company become a publicly listed Company, it shall promptly notify the Authority and the exchange market about the conclusion of the membership of the Board member's term of, specifying the means of termination and the reason that led to this decision.
- d. In the event that a Board member resigns and has any observations on the Company's performance, they shall submit a written statement to the Chairman, which shall be presented to the other members of the Board.
- e. As stated in the Company's bylaws, if a vacancy occurs on the Board, the Board may temporarily appoint a replacement who meets the required qualifications and experience for the position. If the Company becomes publically listed Company, The Ministry, and the Authority, shall be notified of this appointment within five business days of its occurrence. Moreover, the appointment shall be referred to the ordinary general assembly in its first meeting. The new member shall complete the term of his predecessor.
- f. If the board of directors fails to convene due to not satisfying the minimum number of members as prescribed in the Companies Law or these Bylaws, the existing members shall call for an Ordinary General Assembly within sixty (60) days to elect the required number of members.
- g. The Company shall adhere to the standards and procedures for Board membership (Board Membership Policy), which has been formulated without contradicting the mandatory provisions of the Corporate Governance Regulations. The Policy has been approved by the Board and implemented following the General Assembly's endorsement. The Membership Policy shall be considered an integral part of the company's corporate governance framework and appended thereto.

5. Issues Affecting Independence:

- a. An Independent Director shall be able to perform his duties, express his opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company.
- b. The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his independence.
- c. By way of example, the following negate the independence requirement for an Independent Director:

- If he holds five (5%) percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- if he is a relative of any member of the Board of the Company, or any other company within the Company's group.
- if he is a relative of any Senior Executive of the Company, or of any other company within the Company's group.
- If he is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
- if he is an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.
- If he has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- If the member of the Board receives financial consideration from the Company in addition to the remuneration for his membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- If he engages in a business where he competes with the Company or conducting businesses in any of the company's activities.
- If he served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

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

6. Responsibilities and Competencies of the Board:

A. Responsibility of the Board

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

B. Main Functions of the Board

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

1) Laying down the plans, policies, strategies, and main objectives of the Company, supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available, including:

- Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them

- Determining the most appropriate capital structure for the Company, its strategies, and financial objectives, and approving all kinds of estimated budgets.
- Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
- Setting performance indicators and monitoring the implementation thereof and the overall performance of the Company.
- Reviewing and approving the organizational and human resources structures of the Company on a periodic basis; and
- Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.

2) Setting rules and procedures for internal control and generally overseeing them, including:

- Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.
- Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.
- Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company.
- Reviewing the effectiveness of the Company's internal control procedures on an annual basis.

3) Setting forth specific and explicit policies, standards, and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly.

- 4) Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations.
- 5) Setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to shareholders and Stakeholders and ensuring the compliance of the Executive Management with these policies and procedures.
- 6) Supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties.
- 7) Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following: a. increasing or decreasing the share capital of the Company; and b. dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
- 8) Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
 - Use of the company's reserves, if they are not allocated for a specific purpose in the Company's bylaws.
 - Forming additional financial allocations or reserves for the Company; and c. the method of distributing the net profits of the Company.
- 9) Preparing the Company's interim and annual financial statements and approving them before publishing them.
- 10) Preparing the Board report and approving it before publishing it.
- 11) Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency.

12) Developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.

13) Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers, and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members.

14) specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

15) notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest; the notification shall include the information provided by the member of the Board as per paragraph (14) of Article (28) of these Regulations, and shall be accompanied by a special report of the Company's external auditor.

16) Setting the values and standards that govern the work at the Company.

17) Distribution of competencies and duties where the Board shall ensure that the organizational structure of the Company shall specify the competencies and distribute the duties between the Board and the Executive Management, and to achieve this, the Board shall:

1) Approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.

2) Approving a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers.

3) Identifying the matters on which the Board reserves the power to decide

All of the above listed power should be performed in line with corporate governance best practices, improve the efficiency of corporate decision-making, and achieve a balance of powers and authorities between them.

C. Separation of Positions

- According to the Company's bylaws, the Board appoints, from its members, a chairman and a vice chairman, and may appoint from its members a managing director or a chief executive officer.
- It is prohibited to hold, at the same time, the position of chairman of the Board and any other executive position in the Company, including the positions of the managing director, the Chief Executive Officer, or the general manager.
- The competencies and the responsibilities of the chairman should be specified according to the Company's bylaws.
- In all cases, no person shall have the sole and absolute power to take decisions in the Company.

D. Oversight over the Executive Management

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

- Develop the necessary administrative and financial policies.
- ensure that the Executive Management operates in accordance with the policies approved by the Board.
- Select and appoint the Chief Executive Officer of the Company and oversee his work.

- Appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration.
- Convene periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business.
- Develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company.
- Review and evaluate the performance of the Executive Management.
- Develop succession plans for the management of the Company.

E. Competencies and Duties of the Executive Management

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

1. Implementing the Company's internal policies and rules approved by the Board.
2. suggesting the Company's comprehensive strategy as well as the principal and interim business plans and the policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them.
3. Proposing the most appropriate capital structure for the Company and its strategies and financial objectives.
4. proposing the main capital expenditures of the Company and acquiring and disposing of assets.
5. proposing the organizational and human resources structures of the Company and presenting them to the Board for approval.
6. Implementing internal control systems and procedures, and generally overseeing them, which include:

- Implementing the conflicts of interest policy.
 - Correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports.
 - Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders.
7. Implementing the Company's Corporate Governance rules effectively, to the extent they do not conflict with the provisions of these Regulations and proposing amendments thereto if needed.
8. Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders.
9. Providing the Board with the information required to exercise its competencies and provide recommendations regarding the following:
- increasing or decreasing the share capital of the Company.
 - dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
 - use of the Company's reserves if they are not allocated for a specific purpose in the Company's bylaws.
 - forming additional reserves for the Company.
 - the method for distributing the net profits of the Company.
10. Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares.
11. Preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company and presenting such reports to the Board.

12. Managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form in accordance with the objectives and strategies of the Company; 13) participating effectively in building and developing a culture of ethical values within the Company.
13. Implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board.
14. Proposing and developing internal policies related to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.
15. Proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy.
16. Proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.

F. CEO Appointment

The CEO is appointed by the board through an employment contract that specifies the job description, rights, and responsibilities.

The CEO shall possess the following qualities:

- A strategic vision and leadership ability to encourage, innovate, and continuously drive the company to improve its performance and achieve its objectives.
- A solid understanding of business operations.
- The ability to address both short-term and long-term issues.
- Relevant business experience in relation to the company's operations.

The Board aims to appoint a capable CEO and is focused on improving the CEO's skills and competencies following their appointment to ensure the ongoing confidence of the board and shareholders.

- The CEO is accountable to the board. The non-executive board members and the chairman of the board are not permitted to interfere in the Company's daily operations.
- The board provides a clear statement of the CEO's duties, authorities, responsibilities, and its expectations, granting the CEO full and necessary authority to perform their duties and exercise the powers granted and required.
- The CEO's performance is evaluated annually against the objectives set by the board and their contribution to the Company's strategy. The CEO's evaluation criteria shall align with the long-term interests of shareholders. A significant portion of the CEO's total remuneration and compensation shall be based on performance and the achievement of objectives.

G. Competencies of the Chairman and the Board Members

1. Competencies and Duties of the Chairman of the Board

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

- a. Ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course.
- b. Ensuring that the Board effectively discusses all fundamental issues in due course.
- c. Representing the Company before third parties in accordance with the Companies Law and its implementing regulations and the Company's bylaws.
- d. Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company.
- e. Ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board.

- f. Encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive, and Independent Directors on the other hand, and creating a culture that encourages constructive criticism.
- g. Preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda.
- h. Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.
- i. The powers and duties of the chairman are determined in accordance with the Company's bylaws and include representing the Company in its dealings with third parties and governmental authorities, as well as representing the Company before Sharia courts and judicial bodies. The chairman has the authority to sign contracts, loan agreements, other financial agreements, mortgages, and leases within the limits approved by the board.
- j. The chairman may delegate (by written delegation) part of their powers to other board members or third parties to carry out specific tasks or actions. In the absence of the chairman, the vice chairperson – if appointed – shall act in their place.

2. Principles of Honesty, Integrity, and Loyalty

Each board member is committed to the principles of honesty, integrity, and loyalty by avoiding transactions that involve conflicts of interest. Board members shall give due care and attention to the interests of the Company and its shareholders, prioritizing them over their personal interests. This is achieved by fulfilling the duties and responsibilities set forth in the Companies Law, the Capital Market Law and its implementing regulations, the Company's bylaws, and other relevant regulations.

3. Tasks and Duties of the Board Members

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

- a. Providing proposals to develop the strategy of the Company.
- b. Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.
- c. Reviewing reports related to the performance of the Company.
- d. Ensuring the integrity and impartiality of the financial statements and information of the Company.
- e. Ensuring that the financial control and risk management systems are sound.
- f. Determining the appropriate level of remunerations of the members of the Executive Management.
- g. Expressing opinions as to the appointment and dismissal of members of the Executive Management.
- h. Participating in developing the succession and replacement plans of executive positions within the Company.
- i. complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations, and the bylaws when performing his duties as a member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs.
- j. Attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the chairman of the Board shall be notified by prior notice, or for emergency reasons.
- k. Allocating sufficient time to fulfill his responsibilities and preparing for the Board and its committees' meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives.
- l. Studying and analyzing all information related to the matters looked into by the Board before expressing an opinion on the same.
- m. Enabling other Board members to express their opinions freely and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary.

- n. notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. the concerned member shall abstain from voting on any decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
 - o. notifying the Board fully and immediately of his participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
 - p. Refraining from disclosing or announcing any secrets he came across through his/her membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
 - q. Working on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders.
 - r. Recognizing his duties, roles and responsibilities arising from the membership.
 - s. Developing his knowledge in the field of the Company's business and activities and in the related financial, commercial, and industrial fields.
 - t. Resigning from the membership of the Board if he is unable to fully fulfill his duties in the Board.
- 4. Duties of the Independent Board Member**
- a) In addition to the duties assigned to a board member as outlined above, the Independent Director of the Board shall effectively participate in) expressing his independent opinion in respect of strategic issues and the Company's policies and performance and appointing members of the Executive Management.

- b) Ensuring that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest.
- c) Overseeing the development of the Company's Corporate Governance rules and monitoring the implementation of the rules by the Executive Management.

5. Board Procedures

- a. The board shall meet at least four times a year upon the invitation of the chairman or their representative, with a minimum of one meeting every three months.
- b. The chairman or their representative shall call for a meeting whenever requested in writing by any board member to discuss one or more topics.
- c. The Board will hold meetings as needed. Unless the situation requires an emergency meeting, the meeting invitation may be sent less than five days before the meeting date, along with the agenda and any necessary documents and information.
- d. The invitation to the meeting must be sent to each Board member at least five days before the meeting date, along with the agenda and any necessary documents and information.
- e. A board meeting shall not be valid unless at least half of the board members (either in person or by proxy) are present, provided that the number of attendees is not less than the minimum stipulated in the Company's bylaws.
- f. A board member may delegate another member to attend board meetings on their behalf, in accordance with the following conditions:
 - A board member shall not delegate more than one member to attend the same meeting on their behalf.
 - The delegation shall be in writing and pertain to a specific meeting.
 - The proxy so delegated shall not vote on decisions that the original member is prohibited from voting on, as per the regulations.

6. Board Resolutions and Deliberations

- In accordance with the Company's bylaws, board resolutions shall be passed by a majority vote of the members present or represented at the meeting. In the event of a tie, the chairman, or the person chairing the meeting in their absence, shall have a casting vote.
- The board is permitted to adopt resolutions on urgent issues through circulation by distributing them individually to all members unless a member submits a written request for the board to assemble for discussion. Such resolutions will be submitted to the board at the following meeting.
- In accordance with the company's bylaws, the board's deliberations and resolutions shall be recorded into minutes of meetings, to be signed by the chairman, the attending board members, and the secretary, and these minutes shall be registered in a special record signed by the chairman and the secretary.
- In accordance with the Company's bylaws, a board member is permitted to engage in board meetings and discussions, obtain access to agendas and associated documents, and votes electronically on meeting matters utilizing contemporary technological methods.
- The company is committed to its Board Charter that has been set in compliance with the Companies Law and the mandatory provisions of the Corporate Governance Regulations and the Company's bylaws. The Charter has been approved by the board and put into effect and is considered as integral part of the Company's governance rules and annexed to.

7. Remarks of the Board Members:

- If any member of the Board has any remarks in respect of the performance of the Company or any of the matters presented and which was not resolved in the Board meeting, such remarks shall be recorded and the procedures taken or to be taken by the Board in connection therewith must be set forth in the minutes of the Board meeting.

- If a member of the Board expresses an opinion differs from the Board resolution, such opinion must be recorded in detail in the minutes of the Board meeting.

8. Organizing the Attendance of the Board Meetings:

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

9. The Agenda of Board Meetings:

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

10. Exercising the Competencies of the Board:

- In accordance with the Company's bylaws, the board may, within its scope of authority of its competencies, delegate to one or more of its members or committees or a third party the performance of a specific function or functions for a specific period.
- The Board shall develop an internal policy that explains the procedures of the Board activities and aims at encouraging its members to work effectively to fulfill their obligations towards the Company.
- The Company has set already a Board charter formulated in accordance with the Companies Law, the provisions of the Corporate Governance Regulations. The Charter is approved by the Board, and it is currently being implemented.
- The Board shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for Board and committees' meetings and ensuring the coordination, recording, and retaining of the minutes of its meetings.

11. Board Secretary

- The Board shall appoint a secretary among its members or a third party, whose competencies and wage shall be specified by a Board resolution, unless the Company's bylaws include provisions in connection therewith, provided that such powers shall include:
 - documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
 - Retaining the reports submitted to the Board and the reports prepared by it.
 - providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board member.
 - Ensuring that the Board members comply with the procedures approved by the Board.
 - Notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting.
 - Presenting the draft minutes to the Board members to provide their opinions on them before signing the same.
 - Ensuring that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company.
 - Coordinating among the Board members.
 - Regulating the disclosure register of the Board and Executive Management.
 - Providing assistance and advice to the Board members.

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

In accordance with the Company's bylaws, the Board shall appoint a secretary, whether from among its members or from others, and determine his remuneration. The secretary shall be responsible for recording the minutes of the Board meetings, recording, and preserving the decisions issued by these meetings, and performing any other duties assigned to him by the Board or the Chairman. The Board may remove the secretary at any time without prejudice to his right to compensation if the removal is occurring for an illegal reason or at an inconvenient time.

12. Board Members' Remuneration

- The remuneration of board members is subject to the Company's bylaws and consist of a fixed amount, an attendance allowance for meetings, in-kind benefits, or a specific percentage of net profits. It is permissible to combine two or more of these benefits, as approved by the general assembly.
- The Board annual report to the Ordinary General assembly shall include a comprehensive statement of all the remuneration, expense allowances, and other benefits received by the board members during the related fiscal year. The report shall also include a statement of what the board members received in their capacity as employees or administrators, or for any technical, administrative, or consulting work. Additionally, it shall contain a statement of the number of board meetings and the number of meetings attended by each member.

The Company has developed a policy for board member remuneration and compensation that complies with all regulatory requirements. This policy has been approved by the board and is considered an integral part of the Company's governance rules, which are attached to them.

13. Providing Information to Board Members

Upon the appointment of Board members, the executive management, through the Company secretary, shall provide Board members, including non-executive members, with the following:

- Information about Board Committees.
- Opportunities for enhancing their competencies and training, whether provided by the Company or externally.
- Procedures to follow in case of inability to attend Board or committee meetings.
- Internal policies in place, particularly the conflict-of-interest policy, disclosure policy, and the Code of Conduct.
- Procedures for handling conflicts of interest and trading in Company shares.
- The Company's Articles of incorporation and Bylaws.
- The Company's Organizational Structure.
- The authorities granted to the board and the powers delegated by Board committees, the CEO, and others.
- The Company's Governance Manual.
- Charters of the Committees formed by the Board.
- The Board's objectives.
- The Company's current year strategy and budget, along with the strategic (five-year or shorter) business plan, if available.
- The conflict-of-interest policy.
- The schedule of Board and Committee meetings for the current year.
- Contact details of key executives, including the CEO, Board secretary, CFO, and senior managers.

The board secretary shall be responsible for providing the new member with the aforementioned information.

14. Training (Guiding article)

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

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

15. Self-Assessment and Guidance (Guiding article)

- a. The Board shall develop, based on the proposal of the Nomination Committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.
- b. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment.

- c. The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general.
- d. The individual assessment of the Board members shall take into account the extent of effective participation of the member and his commitment to performing his/her duties and responsibilities, including attending the Board and its committees' meetings and dedicating adequate time thereof.
- e. The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.
- f. Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

In order to enhance the board's effectiveness in achieving its objectives, it is essential for the board, its committees, and individual members to undertake a self-assessment at least once a year. Regular self-assessments shall be conducted by the board, with a focus on ensuring substantial involvement from non-executive members. Furthermore, the Board may engage professional human resources consultants to provide support during the evaluation. The Chairman of the Board is responsible for presenting the results of the evaluation, after which the Board will engage in discussions regarding the strengths and weaknesses of each member.

Among the evaluation criteria are:

At the level of the Board and its Committees:

- Has the board established explicit performance objectives, and what has been its performance in relation to these targets?
- What role has the board played in shaping the company's strategic direction?
- If the composition of the board and its committees is suitable, featuring an appropriate blend of expertise and knowledge.
- The dynamics between non-executive directors and the CEO also warrant examination.
- The Board's approach to addressing challenges and crises,
- The interactions between the board and its committees, should be evaluated.
- The relationship between the board and senior management
- To determine if the board remains informed about market trends and regulatory changes,
- If the Board receives timely, relevant, and high-quality information.
- The frequency and adequacy of Board and Committee meetings must be assessed.
- Effectiveness of the board and its committees in executing their duties,
- The chairman leadership capabilities.
- Is the Board receiving adequate and relevant updates from the committees concerning their activities?
- The effectiveness of the Committees.
- Comprehensive evaluation of the Board's overall contribution to the Company is necessary.
- Assessment of time commitment, particularly attendance at meetings.
- The Board's readiness to enhance its skills and knowledge.
- the quality of communication both within the Board and with external stakeholders, especially shareholders,
- The Board's effectiveness in achieving its responsibilities and established objectives.
- The extent to which the Company's strategic and operational objectives are met.
- The degree to which the Company's estimated budget differs from its actual figures.
- The effectiveness of risk management and internal controls.

- Understand the duties and responsibilities.
- Evaluate Board member individually and collectively.

Chapter 4: Conflict of Interest

1. Conflict of Interest Policy:

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

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

2. Avoiding Conflicts of Interest

- a. A member of the Board shall:
 - Perform his duties with honesty and integrity, and not prioritize his own interest over the interests of the Company and its shareholders, and not use his position to achieve personal interests.
 - Avoid situations of conflicts of interest and notify the Board of situations of conflict which may affect his neutrality when looking into matters presented before the Board. The Board shall not allow such member to be involved in deliberations and shall not count his vote when voting on such matters in the Board and the Shareholders Assemblies meetings.
 - Protect the confidentiality of the information related to the Company and its activities, and not disclose any of such information to any person.
- b. Each Board member is prohibited:
 - From voting on the decisions made by the Board of Directors or the General Assembly concerning transactions and contracts executed on behalf of the company if they possess a direct or indirect interest in those matters.
 - From misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his capacity as a member of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Board member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his knowledge during his membership in the Board.

3. Disclosure of Conflict of Interest by Board Nominee

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

1. Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he desires to be nominated to the Board.

2. Engaging in business that may compete with the Company or any of its activities.

4. Rules of Competing with the Company

If a member of the Board, desires to engage in a business that may compete with the Company or any of its activities, the following shall be taken into account:

- a. Notifying the Board of the competing businesses he desires to engage in and recording such notification in the minutes of the Board meeting.
- b. The conflicted member shall abstain from voting on the related decision in the Board meeting, the meeting of its committees, and General Assemblies.
- c. The Board shall inform the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in, after the Board assesses the board member's competition with the company's business or if he is in competition with one of the branch activities that it conducts in accordance with the standards issued by the Ordinary General Assembly upon a proposal from the Board and published on the company's website, provided that such businesses are assessed on annual basis.
- d. Obtaining an authorization of the Ordinary General Assembly of the Company, or of the Board through a delegation of the Ordinary General Assembly, for the Board member to engage in the competing business.

5. Concept of the Competing Businesses

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

- 1) The Board members' establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a company or any other entity engages in business activities that are similar to the activities of the Company or its group.
- 2) accepting membership in the Board of a company, an entity that competing with the Company or its group or managing the affairs of a competing sole proprietorship or any competing company of any form, except the company's affiliates.

- 3) The Board member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its group.

6. Refusal to Grant the Authorization

If the General Assembly or the Board (if authorized by the AGM) rejects granting the authorization, , the member of the Board shall resign within a period specified by the General Assembly; otherwise, his membership in the Board shall be deemed terminated, unless he decides to withdraw from such contract or amend his situation in accordance with the Companies Law and its implementing regulations prior to the end of the period set by the General Assembly.

7. Accepting Gifts

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

The Company complies with the Conflict-of-Interest Policy that it has set, which governs the management of conflict of interest and transactions involving related parties. This policy is aligned with the provisions set forth in the Corporate Governance Regulations, the Companies Law, and the Company's Bylaws. It has received approval from the Board and has been implemented accordingly. This policy is regarded as a fundamental component of the Corporate Governance Rules and is attached thereto.

Chapter 5: Company Committees

1. Formation of Committees

Without prejudice to Article (51) of Corporate Governance Regulations, the Board shall form specialized Committees as follows:

1. As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
2. The formation of the committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each committee, and the manner in which the Board monitors the activities of each committee. The committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties delegated to them.
3. Each committee shall be responsible before the Board for its activities, this shall not relieve the Board of its responsibility for such activities, duties, and powers that it has delegated to such committee.

4. The number of members of a committee shall not be less than three or more than five.
5. The chairmen or whom they delegate of each committee members, shall attend the General Assembly Meetings and answer any questions raised by the shareholders.
6. The Company shall provide the Authority with the names of the members and the types of their memberships in such Board's committees within five (5) days of their appointment and shall notify the Authority of any changes thereto within five (5) days of the date of such changes.
7. A Company may combine remuneration and nomination committees into one committee named remuneration and nomination committee. In such case, the remuneration and nomination committee must satisfy the requirement of both Committees as outlined in the Corporate Governance Regulations and carry out all functions specified in the relevant sections of the regulations, provided that the Committee convenes periodically at least every six months.

2. Committees Membership

- a) A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve a conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to membership of the Board, appointment of Senior Executives and determining the remuneration. Chairmen and members of these committees shall comply with duties of care and loyalty and shall attend to the interests of the Company and its shareholders and prioritize them over their personal interests.
- b) The Company shall take into consideration while forming the remuneration and nomination committees that their members are of Independent Directors. The Board may appoint Non-Executive Directors or persons other than Board members either from shareholders or others, provided that the chairmen of committees mentioned in this paragraph are of the Independent Directors.

c) Chairman of the Board shall not be a member of the audit committee. He may be a member of other committees, provided that he is not the chairman of committees mentioned in these Regulations.

3. Studying Subjects

a) Each committee shall assess the matters that fall within its authority or those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith. The committees shall take decisions in regard to these matters if delegated by the Board. The Board remains responsible, regardless of any delegation of powers to committees, entities, or individuals for the execution of certain functions.

b) The committees may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management.

4. Committees Meetings

a) No member of the Board or the Executive Management except the secretary or a member of the committee may attend the meetings of a committee unless such committee requests his opinion or advice.

b) Committee meetings are valid if attended by a majority of its members. Resolutions of the committees shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant committee shall have the casting vote.

c) Board meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.

5. Committees Formed by the Company

1. In accordance with the requirements of the Companies Law, the Corporate Governance Regulations, and the Company's bylaws, the Company has formed the following committees:
 - Audit Committee
 - Nomination and Remuneration Committee
2. Outlined below are the Charters for Each Committee:
 - Audit Committee Charter, where the Company has placed the Charter for the said Committee, incorporating all the requirements outlined in the Corporate Governance Regulations and best governance practices. This charter was recommended by the board and approved by the General Assembly.
 - Nomination and Remuneration Committee Charter, where the Company has placed the Charter for the said Committee, incorporating all the requirements outlined in the Corporate Governance Regulations and best governance practices. This charter was recommended by the board and approved by the General Assembly.

6. Risk Management Committee (Guiding article)

1. The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee." Chairman and majority of its members shall be Non-Executive Directors. The Risk Management Committee meets at least once every six months, and more frequently as needed.
2. The competencies of the risk management committee shall include the following:
 - a. developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors.
 - b. Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.

- c. Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months.
- d. Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein.
- e. Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example).
- f. Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks and presenting them to the Board.
- g. Providing recommendations to the Board on matters related to risk management.
- h. Ensuring the availability of adequate resources and systems for risk management.
- i. Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board.
- j. Verifying the independence of the risk management employees from activities that may expose the Company to risk.
- k. Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk.
- l. Reviewing any issues raised by the audit committee that may affect the Company's risk management.

At present, the Company has not yet established a Risk Management Committee. However, it adheres to its approved Risk Management Policy, which has been formulated and ratified. This policy outlines the core principles and components of the Company's risk management framework, the strategies utilized for managing risks, the procedures for evaluating and maintaining the effectiveness of the risk management system, and the individual's assigned responsibility for its implementation. The aim of this policy is to facilitate effective risk management within the organization. It has been endorsed by the Board and incorporated into the Company's Governance framework, thereby becoming a vital element of it.

Chapter 6: Internal Control

1. Internal Control System

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

The Company is committed to internal control in accordance with the Internal Control Policy, which has developed under the supervision of the Audit Committee, and subsequently approved by the Board. The Policy is considered an integral part of the Corporate Governance Rules.

2. Establishing Independent Units or Departments within the Company

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

- The Internal Audit Department shall report functionally to the Audit Committee for which it holds accountability and submits its reports directly to the said committee.
- The Board appoints the head of the Internal Audit Department following a recommendation from the Audit Committee, which conducts an annual evaluation and presents its findings to the Board.

- The Internal Audit Department is tasked with the responsibilities of assessing the internal control framework, monitoring its implementation, and ensuring compliance with applicable laws, regulations, and organizational policies by both the entity and its employees.
- The Company may utilize external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies.
- The Internal Audit Department operates according to a comprehensive audit plan approved by the Audit Committee and updated annually. The main activities and processes, including those related to risk management and compliance, shall be reviewed at least once a year.
- Employees of such department shall be competent, independent, and adequately trained, and shall not be entrusted with any other functions that conflict with the goals of the internal audit duties.
- The remunerations of the manager of the audit unit or department shall be determined by a recommendation of the audit committee as per Company's policies.
- The department or unit shall be given access to information and documents and shall be able to obtain the same without any restrictions.

3. Internal Audit Report

- a) The internal audit unit or department shall prepare and submit a written report on its activities at least quarterly to the Board and the audit committee. Such report shall include:
 - An assessment of the Company's internal control system
 - The final opinion and recommendations of the unit or department.
 - Specifying the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure.

- b) The internal audit unit or department shall prepare a general written report to be submitted to the Board and the audit committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year.
- c) The Board shall specify the scope of the report of the internal audit unit or department, based on recommendations from the audit committee and the internal audit unit or department. The report shall include the following in particular:
- Procedures for monitoring and overseeing the financial affairs, investments, and risk management.
 - Assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes.
 - An assessment of the performance of the Board and the Senior Management with respect to the implementation of internal control systems, including specifying the number of times the Board has been informed of control issues including risk management and a description of the method followed to address such issues.
 - Failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures particularly the issues disclosed in the Company's annual reports and its financial statements.
 - The extent to which the Company has complied with the internal controls when determining and managing risks.
 - Information describing the Company's risk management operations.

4. Maintaining Internal Audit Reports

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in their regard.

5. The Company's External Auditor

a. Assigning the Audit Function

The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company's financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas. Articles 37 and 38 of the Company's Bylaws refer to the appointment of the external auditor and his powers.

b. Appointment of the External Auditor

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

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

c. Duties of the External Auditor

The external auditor shall:

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

Chapter 7: Stakeholders

1. Regulating the Relationship with Stakeholders

- A. The Board shall establish clear and written policies and procedures regulating the relationship with Stakeholders with the aim of protecting them and safeguard their rights, which shall include the following, in particular:
- Methods to compensate Stakeholders when their rights established by laws or protected by contracts are infringed.
 - Methods for resolving complaints or disputes that may arise between the Company and the Stakeholders.
 - Methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information.
 - Rules of professional conduct for Company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with Stakeholders, provided that the Board shall establish mechanisms for supervising the implementation of, and compliance with such rules.
 - The Company's social contributions.
 - Ensuring that the Company's transactions with Board members and Related Parties are entered into on terms identical to the terms of transactions with Stakeholders without any discrimination or bias.
 - Stakeholders obtaining of information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient and shall be provided in timely manner and on a regular basis.
 - Treating Company employees pursuant to the principles of justice and equality and without discrimination
- B. The Company strives to resolve all disputes and issues that may emerge with its business partners amicably, in accordance with its internal regulations, particularly the Policy Regulating the Relationship with Stakeholders, which has in place and approved by the Board. This policy is an integral part of the Corporate Governance framework and is annexed thereto.

2. Reporting Non-Compliant Practices

- A. The Board shall, based upon a proposal from the audit committee, develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations, taking the following into consideration:
- Facilitating the method by which Stakeholders, including Company employees report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard;
 - Maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the audit committee or other specialized committees.
 - Appointing an employee to receive and address complaints or reports sent by Stakeholders.
 - Dedicating a telephone number or an email address for receiving complaints.
 - Providing the necessary protection to the Stakeholders.
- B. The Company adheres to the Whistleblowing Policy, which has developed under the supervision of the Audit Committee, and subsequently approved by the Board. The Policy is considered an integral part of the Corporate Governance Rules.

Employee Incentives (Guiding Article)

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

- Forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions.

- Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees and setting up an independent fund for such program.
- Establishing social organizations for the benefit of the Company's employees.

Chapter 8: Professional and Ethical Standards

1. Professional Conduct Policy

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

- ensuring that each member of the Board or the Executive Management and employees perform his/her duties of loyalty and care to the Company, and undertake the measures that may protect the Company's interests and contribute to its development and increase its value, and shall not, at all times, prioritize his/her own interests over the interests of the Company;
- A Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected him.
- Entrench among the Board members and Senior Executives the principle of compliance with all relevant laws, regulations, and instructions.
- Preventing the Board members or the Executive Management from abusing their positions with the aim of achieving benefits for himself/herself or a third party.
- Ensuring that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests; and

- Establishing accurate, well-formed, and clear rules regulating the authority to access the Company's internal information and timing to access it, in a way that prevents the Board members, the Executive Management and others from making personal use or disclosing the same to any person, except within the prescribed limits or as permitted by law.

The Company adheres to the Policy for Professional Conduct and ethical values, which has in place, and approved by the Board. The Policy is considered an integral part of the Company Corporate Governance Rules.

2. Social Responsibility

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

In accordance with this principle, the Company has adopted and implemented a Social Responsibility Policy. The Policy is considered an integral part of the Company Corporate Governance Rules.

3. Social Initiatives (Guiding Article)

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

- a. Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities.
- b. Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility.
- c. Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's.

- d. Establishing awareness programs to the community to familiarize them with the Company's social responsibility.

Chapter 9: Disclosure and Transparency

1. Disclosure and Transparency Policy

The Company has in place a Board approved Policy in relation to Disclosure and Transparency that includes all pertinent regulations, requirements, and best practices related to disclosure. The Policy is considered an integral part of the Company's Corporate Governance Rules.

Without prejudice to the Rules on the Offer of Securities and Continuing Obligations, the Board shall set forth in writing the policies, procedures and supervisory rules related to disclosure pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, as the case may be, and their implementing regulations, taking into consideration the following:

- a. Such policies shall include proper disclosure methods that enable the shareholders and other Stakeholders to access the financial and non-financial information pertaining to the Company's performance and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position.
- b. disclosure to shareholders and investors shall be made without discrimination in a clear, correct, and non-misleading fashion, and in a timely, regular, and accurate manner in order to enable shareholders and other Stakeholders to exercise their rights to the fullest extent.
- c. The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.
- d. Reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure.
- e. The disclosure policies shall be reviewed periodically and their compliance with the best practices and the provisions of the Capital Market Law and its implementing rules shall be verified.

2. The Board's Report

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

1. Implemented and non-implemented provisions of these Regulations, and justifications therefor.
2. Names, qualifications, and experience of the Board and committees' members and Executive Management.
3. Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager.
4. Composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Director, or Independent Director.
5. Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance.
6. A brief description of the competencies and duties of the committees, such as the audit committee, the nomination committee and the remuneration committee indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting.
7. Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relationship with the Company, if any.
8. Disclose the remuneration of the Board members and Executive Management as stated in Article (93) of the Corporate Governance Regulations.
9. Any punishment, penalty, precautionary procedure, or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future.

10. Results of the annual review of the effectiveness of the internal control procedures of the Company and the opinion of the audit committee with respect to the adequacy of the Company's internal control system.
11. The audit committee's recommendation on appointing an internal auditor for the Company if it has made such recommendation in the last financial year.
12. The audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.
13. Details of the Company's social contributions, if any.
14. A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them.
15. A description of the main scope of business of the Company and its affiliates. If there are two or more, a statement showing each activity and how it affects the Company businesses and results shall be attached.
16. A description of the company's significant plans and decisions (including changes to the structure, expanding the Company's operations, or halting them) and the future expectations.
17. Information on any risks facing the Company (operational, financial or market related) and the policy of managing and monitoring these risks.
18. A summary in a form of table or graph showing the company's assets, liabilities, and results of the last five fiscal year or since the incorporation date, whichever is shorter.
19. Geographical analysis of the company's and its affiliates' revenues.
20. Any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the company.
21. Any inconsistency with the standards approved by the Saudi Organization for Chartered and Professional Accountants.
22. Name of each affiliate company, its capital, the company's ownership percentage, the main scope of business, country of operation and country of incorporation.
23. Details of shares and debt instruments issued for each affiliate company.

24. A description of the dividends distribution policy.
25. A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year.
26. A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company or its affiliates, and any change on this interest or rights during the last fiscal year.
27. Information on any loans (payable upon request or not), a statement of the total indebtedness of the Company and its affiliates, any amounts paid by the Company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term, and remaining amount. In case there is no debts, a declaration thereof shall be presented.
28. A description of the class and number of any convertible debt instruments, contractual securities, preemptive right, or similar rights issued or granted by the Company during the fiscal year, as well as stating any compensation obtained by the Company in this regard.
29. A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights issued or granted by the company.
30. Description of any redemption, purchase, or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.
31. The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees.
32. Numbers of company's requests of shareholders records, dates, and reasons thereof.
33. A description of any transaction between the Company and any Related Party.

34. Information relating to any business or contract to which the Company is a party and in which a director of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the Company must submit a statement thereof.
35. A description of any arrangement or agreement under which a director or a Senior Executive of the Company has waived any remuneration.
36. A description of any arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.
37. A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees, or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor.
38. A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company.
39. Declarations that:
 - Proper books of account have been maintained.
 - The system of internal control is sound in design and has been effectively implemented.
 - There are no significant doubts concerning the company's ability to continue its activity.
40. If the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information.
41. If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation.
42. Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses, including the names of persons in relation, the nature, conditions of such competing businesses. If there are no such competing businesses, the Company must submit a statement thereof.

3. The Audit Committee's Report

- a) The report of the audit shall include details of its performance of its competencies and duties set forth in the relevant rules and regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company.
- b) The Board shall make available sufficient copies of the audit committees' report at the Company's head office and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.

4. Disclosure by the Board

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

- a. Maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law, and their implementing regulations.
- b. Making such register available for review by the Company's shareholders free of charge.

5. Disclosure of Remunerations

The Board shall disclose:

- a. The remuneration policy and the method by which remunerations of the Board and executive management are determined.
- b. Provide an accurate, transparent, and detailed disclosure in the Board report on the remunerations granted to the Board members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date.
- c. explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy.

- d. A description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:
- Board members.
 - Five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them. (Aggregated amount)
 - Members of committees.
- e. The disclosures in this article and in the Board, report shall be pursuant to a specified schedule indicated by the Corporate Governance Regulations.

Chapter 10: Implementation of Corporate Governance

1. Implementation of Effective Governance

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

- a. Verify that the Company is in compliance with these rules.
- b. Review and update the rules pursuant to statutory requirements and best practices.
- c. Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- d. Regularly inform the Board members of the developments in corporate governance and best practices or authorize the audit committee or any other committee or department to undertake this task.
- e. If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of the Corporate Governance Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.

Chapter 11: Retaining of Documents

The Company shall retain all minutes, documents, reports, and other papers required to be maintained in the Company's head office for at least ten years. This shall include:

- The Board's Report
- The Audit Committee's report
- Financial statements
- Minutes of Board meetings.

Without prejudice to the retention period mentioned above, the Company in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports, and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

1. Implementation and Amendment

1. This Rules will take effect as of the date of its approval by the Board. The provisions hereof that are in relation to the Capital Market Authority, Company disclosures, Board matters, and relevant timelines will become effective as of the date of listing the Company's shares on the Saudi stock exchange. "Tadawul"
2. The responsibility for overseeing the updates to the Rules, monitoring any amendments, and presenting them to the Board lies with the Legal Department Manager or the Compliance Officer.
3. The Board is required to conduct an annual review of the rules, unless there are changes in the Company's policies, requirements, or governance best practices that necessitate an immediate review and amendment of the rules.
4. The Legal Department is tasked with informing the Board about any amendments in the Company's policy or other legal changes that require a reassessment of the Rules.
5. With respect to any matter not provided in this rule, reference is made to the Corporate Governance Regulations, the Companies Law, Company Bylaws, and any circulars issued by the relevant authorities

6. The provisions and requirements hereof that are in relation to disclosure, notification, transparency, and reporting that apply to listed Companies shall apply to the Company as of the date of listing the Company's shares on the Saudi stock exchange, as per applicable regulations.