

## Regulations, Controls and Criteria for participation in competing works approved by the General Assembly

Version	The first	1/2024
Auditing	Board of Directors	31/12/2024
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### **First: Introduction: -**

SARCO (Saudi Arabian Refineries Company) aims to achieve a high level of transparency in the conduct of its business and day-to-day operations. Therefore, a regulation, controls and criteria for participation in the company's competing business have been developed.

### **Second: Objective: -**

The regulation of controls and standards for participation in the competing works of SARCO Saudi Arabian Refineries Company has been prepared pursuant to the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443H and its executive regulations. And the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to the amended Resolution No. 08-05-2023 dated 25/06/1444H corresponding to 18/01/2023G. and its executive regulations. The third paragraph of Article Forty-Four, which stipulates that the Board of Directors shall verify the competition of a member of the Board or a member of one of its committees for the company's business or competition in one of the branches of the activity it carries out in accordance with criteria issued by the general assembly of the company upon a proposal from the Board of Directors. The aim of this regulation is to clarify the procedures that must be followed in the event that a member of the Board or one of its committees or one of the candidates for membership participates in the competition work in accordance with the controls stipulated in the Executive Regulations of the Companies Law and the Governance Regulations issued by the Capital Market Authority.

### **Third: Scope: -**

Applying the provisions of the Companies Law, Articles Twenty-Seven, Seventy-One, and the Regulations of the Capital Market Authority, Articles Three, Forty-Three, Forty-Four and Forty-Fifth.

### **Fourth: Definitions:**

Unless the context otherwise requires, the following words and expressions shall have the meanings assigned to them:

Companies Law	Companies Law promulgated by Royal Decree No. M/132 dated 01/12/1443 AH
Executive Regulations of the Companies Law	Issued by the Ministry of Commerce for the year 1444 AH / 2023 AD
CMA	Capital Market Authority
Executive Regulations of the Private Companies Law for	Issued by the Board of the Capital Market Authority pursuant to Resolution No. (8 - 127 - 2016) dated 16/01/1438H corresponding to 17/10/2016G. Based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. As amended by CMA Board Resolution No. (2-26-2023) dated 05/09/1444H corresponding to

Listed Joint Stock Companies	27/03/2023G. Based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H.
By Law	SARCO By Law (Saudi Arabian Refineries Company)
General Assembly	The General Assembly, which is held in the presence of the company's shareholders in accordance with the articles of association
Board of Directors	Board of Directors of SARCO (Saudi Arabian Refineries Company)
Chairman of the Board	Chairman of SARCO (Saudi Arabian Refineries Company)
Committees	Committees emanating from the Board of Directors of the company
Relatives	<ol style="list-style-type: none"> <li>1. Fathers, mothers, grandfathers and grandmothers (and their ancestors).</li> <li>2. Children and grandchildren and their descendants.</li> <li>3. Siblings, maternal and paternal half-siblings.</li> <li>4. Husbands and wives.</li> </ol>
Related Parties	<ol style="list-style-type: none"> <li>1. Affiliates of the Company except for wholly-owned companies;</li> <li>2. Substantial shareholders of the Company;</li> <li>3. Directors and senior executives of the Company;</li> <li>4. Directors of affiliates of the Company;</li> <li>5. Directors and senior executives of substantial shareholders of the Company;</li> <li>6. Any relatives of persons described at (1), (2), (3) or (5) above;</li> <li>7. Any company controlled by any person described at (1), (2), (3), (5) or (6) above.</li> </ol>
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Stakeholder	Any person who has an interest in the Company, including employees, creditors, customers, suppliers and the community.
Substantial Shareholders	Any person who owns (5%) or more of the shares of the Company or voting rights therein.
Holding Company	A Joint Stock Company or simplified Joint Stock Company or Limited Liability Company that establishes companies or owns stake or shares in existing companies that become subsidiaries thereof in accordance with the provisions of the Companies Law and its implementing regulations.
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.
Indirect interest	Indirect interest is defined as contracts and works carried out for the company's account and can achieve financial or non-financial benefits.

#### **Fifth: Competing Business Standards:**

The concept of competing business in any business that would compete with the company in one of the branches of activity it carries out shall include the following:

1. A member of the Board or a member of one of the committees shall not be entitled to establish a company or sole proprietorship or own an effective percentage of the shares of a joint stock company or own a share in the capital of another company or establishment engaged in an activity of the type of activity of the company or any of its subsidiaries.
2. A member of the Board or a member of a committee shall not be entitled to accept membership in the board of directors of a company or a competing sole proprietorship of the company or any of its subsidiaries, or to assume the management of a competing sole proprietorship or a competing company in any form, except for the company's subsidiary.
3. A member of the Board or a member of one of the committees shall not be entitled to obtain a commercial agency or the like, whether apparent or hidden for another company or establishment competing with the company or any of its subsidiaries.
4. A member of the Board or a member of one of the committees is not entitled to provide technical, administrative or advisory work to any competing entity. Or receiving a fee for consulting another company competing with the company, meaning that the nature of its work and activity is similar to one of Sarco's activities.
5. A board member or committee member shall not have the right to use his knowledge or relationship with any of the Company's clients or any other company in its group, suppliers or consultants for the benefit of any Company or person working for a competing Company of the Company.
6. A board member or a committee member is not entitled to accept membership of any committee in a competing entity of the company.
7. A member of the Board or a member of one of the committees shall not be entitled to benefit directly or indirectly from the investment opportunities offered to him as a member of the Board, or that he learned about as a member of the Board, which fall within the activities of the Company or its subsidiaries, or opportunities that do not fall within the activities of the Company or its subsidiaries and that the Company

wishes to benefit from, and the prohibition applies to a member of the Board who resigns in order to exploit investment opportunities directly or indirectly.

8. Whoever wishes to nominate himself for membership of the Board of Directors shall disclose to the Board and the General Assembly any cases of conflict of interest - in accordance with the procedures prescribed by the Authority -, including: The existence of a direct or indirect interest in the business and contracts made for the account of the company for which he wishes to run for the Board of Directors. Or his participation in a business that would compete with the company, or compete with it in one of the branches of the activity it engages.

#### **Sixth: Duties of the members of the Board not to compete with the company: -**

Conflict of interest between the company and the board of directors means a set of actions or decisions that can be taken by the board or any of its members according to which the members of the board or any of its members outweigh their interest or interest at the expense of the interest of the company or achieve the interest of some shareholders at the expense of the interest of others, so the board member must abide by the following:

1. The Board member shall exercise his duties honestly, honestly and sincerely, and shall put the interests of the company before personal reconciliation, and not to exploit his position to achieve private interests, and whoever wishes to nominate himself for membership of the Board may disclose to the Board and the General Assembly any business that would compete with the company, or compete with it in one of the branches of the activity it engages.
2. A member of the Board shall avoid conflicts of interest up to the first degree, or any similar conflict of interest, when individual interests overlap in any way with the interest of the company, or its subsidiaries.
3. A member of the Board may not have any direct or indirect interest in the business and contracts concluded for the account of the Company except with the authorization of the Ordinary General Assembly, in accordance with the specified procedures.
4. If a member of the Board fails to disclose his interest referred to in paragraph (3) of this Article, the Company may claim appropriate compensation before the competent judicial authority.
5. Liability for damages resulting from the works and contracts referred to in paragraph (3) of this Article shall be borne by the stakeholder member of the Board as well as the members of the Board, if such works or contracts are carried out in violation of the provisions of that paragraph or are proven to be unfair, or have a conflict of interest and harm the company and shareholders.
6. Members of the Council opposed to the resolution shall be exempted from liability if they expressly prove their objection in the minutes of the meeting, and absence from attending the meeting in which the decision is issued shall not be considered a reason for exemption from responsibility unless it is proved

that the absent member did not know about the decision or was unable to object to it after becoming aware of it.

7. A member of the Board shall protect the confidentiality of information related to the company and its activities and not disclose it to anyone.
8. The business and contracts made to meet personal needs shall not be considered as a direct and indirect interest in which the license of the ordinary general assembly must be obtained if they are carried out under the same conditions and conditions followed by the company with the general contractors and dealers and these works and contracts are within the company's usual activity.

#### **Seventh: The nature of the company's competing activities:**

The concept of the Company's competing business includes any work related to the core activities of the Company or its branches stipulated in the Articles of Association or any work related to the basic activities of subsidiaries or associates.

#### **Eighth: Competition controls for the company's business:**

1. A Board member who competes with or wishes to compete with the Company or its subsidiaries (the Company or its subsidiaries) must obtain an authorization from the Ordinary General Assembly.
2. If a Board member wishes to engage in a business that would compete with the company or its subsidiaries, the following must be followed:-
  - a) Inform the Board of the competing business that it wishes to practice, and record this communication in the minutes of the Council, provided that the notification includes a letter signed by the member explaining all the details and competing works that he wishes to practice, and attaching the necessary documents for that.
  - b) The Board shall refer the matter to the Nomination and Remuneration Committee to examine the matter to issue a decision or recommendation to the Board, and to ensure that there is no conflict of interest that could affect the company or the exercise of the member's duties, and for this purpose the Committee may summon and discuss the member and seek the assistance of experts and consultants from the company's employees or from outside.
  - c) In the event that a recommendation is issued by the Committee that there is nothing to prevent the participation of a member of the Council in the competing work, the matter shall be presented to the Council. The Board of Directors shall vote on the decision of the Board member to compete with the company's business or the business of its subsidiaries, provided that the stakeholder board member shall not participate in voting on the resolution issued by the Board and the shareholders' general assembly.

- d) If the Board decides that the business that the Board member wishes to practice as a competitor to the company's business, submit it to the Ordinary General Assembly, provided that such business is verified on an annual basis.
- e) The Chairman of the Council shall inform the Ordinary General Assembly when it convenes of the competing business carried out by the member of the Council with a separate item to vote on.

**Ninth: Refusal to grant a license to participate in competing works:**

If the General Assembly or the Board refuses, under the authorization of the Ordinary General Assembly, to grant a license to a member of the Board to participate in a business that would compete with the Company or any of its subsidiaries, the Board member shall submit his resignation within a period determined by the General Assembly or the Board in the event that the Board is authorized by the General Assembly, otherwise his membership in the Board shall be considered terminated, unless he decides to refrain from competing with the Company or its subsidiaries, or to improve his conditions in accordance with the Companies Law and its Implementing Regulations before The expiry of the deadline specified by the General Assembly or the Council in the event of its authorization.

**Tenth: Final Provisions:**

1. The regulations, controls and criteria for participation in the competing works shall be effective from the date of their adoption by the General Assembly, and no item may be amended without the approval of the Ordinary General Assembly.
2. The company publishes the regulations, controls and criteria for participation in competing businesses on its website to enable shareholders, the public and stakeholders to view them.
3. The regulations, controls and standards for participation in the competing business shall be abolished and shall replace all procedures, decisions or internal regulations of the company that contradict them. All that is not provided for in this regulation shall be subject to the relevant laws and regulations issued by the competent authorities.
4. The Remuneration and Nomination Committee periodically reviews the regulations, controls and criteria for participation in the competing business on a regular basis, evaluates their effectiveness in achieving its objectives, and recommends to the Board any necessary amendments or additions.

**End**