



Middle East Paper Company

Dividend Distribution Policy

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Contents

1. INTRODUCTION	6
1.1 Scope	6
1.2 Objectives.....	6
1.3 Custodian	6
2. GENERAL POLICY ON DIVIDEND DISTRIBUTION	6
2.1 Guidelines.....	6
2.2 Eligibility for Dividend and Bonus Shares Distribution	7
2.3 Distribution of Bonus Shares.....	7
2.4 Factors Affecting the Dividend	7
3. LIQUIDITY & RISK MANAGEMENT	8
3.1 Assessment Requirement.....	8
3.2 Minimum Assessment Components	8
3.3 Funding Restriction	8
3.4 Documentation & Reporting	9
4. INTERIM DIVIDENDS DISTRIBUTION	9
4.1 Conditions for Interim Dividends	9
5. PROCEDURES FOR DIVIDEND DISTRIBUTION	9
5.1 Cash Dividends	9
5.2 Procedures for Granting Bonus Shares and Capital Increase.....	10
6. WITHHOLDING TAX IMPLICATIONS	10
7. DISCLOSURE	11
8. DOCUMENT RETENTION	11
9. REFERENCE DOCUMENTS	11
10. LEGISLATIVE BACKGROUND	11
11. DISCLAIMER	11

Abbreviations

Acronyms	Full form
AoA	Articles of Association
BoD	Board of Directors
CEO	Chief Executive Officer
CGR	Corporate Governance Regulations
CL	Companies Law
CMA	Capital Market Authority
DOA	Delegation of Authority
EGA	Extraordinary General Assembly
IRCL	Implementing Regulation of the Companies Law for Listed Joint Stock Companies
MEPCO	Middle East Paper Company
NRC	Nomination & Remuneration Committee
OGA	Ordinary General Assembly

Definitions

Words	Definitions
Authority	Capital Market Authority
Board or Board of Directors	Board of Directors of the Middle East Paper Company
Business Day	A business day in the Kingdom according to official working days of the Authority.
Companies Law	Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH and its amendments
Company or MEPCO	Middle East Paper Company
Competent Authorities	Any regulatory, governmental, supervisory, and semi-governmental bodies or agencies within the Kingdom of Saudi Arabia or any other jurisdiction where the Company or its subsidiaries operate, that have legal authority over the Company's operations, governance, financial reporting, and commercial conduct. This includes, but not limited to, CMA, Ministry of Commerce, GOSI, Ministry of Human Resource and Social Development, Zakat, Tax and & Custom Authority etc.
Corporate Governance	Rules to lead and guide the Company that include mechanisms to regulate the various relationships between the Board, Executive Management, Shareholders and stakeholders, by establishing rules and procedures to facilitate the decision-making process and add transparency and credibility to it with the objective of protecting the rights of Shareholders and stakeholders and achieving fairness, competitiveness and transparency on the Exchange and the business environment.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. 8162017 dated 16/05/1438H corresponding to 13/02/2017G and its amendments.
Distributable Profits	Net income for a fiscal year after deductions for Reserves, retained earnings, and any other allocations.
Distributable Reserves	Distributable Reserves refer to the portion of a Company's retained earnings or reserves that can be legally distributed to Shareholders as Dividends or used for other shareholder benefits.
Distribution Date	Date set by the Board or General Assembly for payment of Dividends.
Dividends	Portion of a Company's earnings distributed to Shareholders, as approved by the General Assembly or Board of Directors.

Words	Definitions
Executive Management / Senior Executives / C-Suite	Persons responsible for managing the daily operations of MEPCO, proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her direct reporters.
Extraordinary General Assembly	Special Shareholders' meeting with the authority to amend a Company's AoA and make major decisions beyond the scope of the Ordinary General Assembly.
Interim Dividends	Dividends distributed during a fiscal year prior to the determination of annual profits according to the Company law and implementing regulations.
Ordinary General Assembly or General Assembly or Assembly	An Assembly of the Company's Shareholders duly convened in accordance with the provisions of the Companies Law and its implementing regulations and the Company's AoA.
Policy	The Dividend Distribution Policy.
Eligibility Date	Date mentioned in the resolution as 'Eligibility Date', or the date of conducting OGA (EGA) in case no 'eligibility date' is mentioned in the resolution.
Eligible Shareholders	Shareholders entitled for Dividend as they own the Shares on the Eligibility Date and are registered in the Company's share registry at the Securities Depository Center Company (Eadaa) at the end of the second trading day following the Eligibility Date.
Reserves	Funds allocated from profits to meet future obligations or ensure stability in dividend payouts.
Share Premium Account	A component of Shareholders' equity that cannot be used for cash Dividends.
Shareholders	Individuals, institutions, or entities that own shares in the Middle East Paper Company (MEPCO). As part-owners of the Company, Shareholders have certain rights and responsibilities, including the right to receive Dividends, participate in the General Assembly, and vote on key decisions in accordance with the provisions of the Companies Law, MEPCO's AoA, and applicable regulatory frameworks.
Shareholders Register	A register of Shareholders prepared and maintained by the Securities Depository Centre (EDAA) which includes names of Shareholders, their nationality, place of residence, Shares numbers in which all relevant dealings related to the Shares issued by the Company are recorded.
Shares	Shares represent a unit of equity ownership in the Company's capital stock

The definitions and terms in the relevant laws and regulations issued by the Competent Authorities shall apply to any words or phrases not defined in this Charter.

1. Introduction

The Dividend Distribution Policy of the Middle East Paper Company (MEPCO) is developed in accordance with the applicable laws and regulations governing joint-stock companies in the Kingdom of Saudi Arabia. The Policy aims to align with the guidelines set forth by the Capital Market Authority (CMA). This Policy ensures a structured, transparent, and equitable process for the distribution of Dividends to Shareholders, supporting MEPCO's commitment to governance, compliance, and shareholder value creation.

1.1 Scope

This Policy outlines the principles for declaring, approving, and distributing Dividends while ensuring compliance, financial sustainability, and a balance between shareholder returns and long-term growth.

1.2 Objectives

The Company aims to maximize Shareholders' value and believes that this can be attained by driving growth. The Policy aims to find an ideal balance between rewarding Shareholders with Dividends and retaining sufficient profits for the Company's growth and other needs. The profits earned may be retained for business use, or allocated for acquisitions, expansion, or diversification, or distributed as Dividends to Shareholders. The objective of this Policy is to provide clear guidance on Dividend distribution to Company's Shareholders to ensure consistency, transparency, and alignment with MEPCO's strategic goals.

1.3 Custodian

The GRC Department shall have custody over the master copy of this Policy. The Board Secretary, in coordination with GRC Department, shall ensure its adequacy to cater to the changes in business conditions and regulatory requirements. The Policy shall be reviewed once every four (4) years or more frequently if deemed necessary. This Policy is valid and can be implemented only following its approval by the General Assembly.

2. General Policy on Dividend Distribution

2.1 Guidelines

1. The General Assembly shall determine the percentage to be distributed to Shareholders from net profits after deducting Reserves (if any) upon the recommendation of the Board of Directors and as required by the applicable regulations in this regard taking into consideration the provisions of the Company's AoA, in regards to the formation of Reserves.¹
2. The General Assembly may decide to establish other Reserves, upon the recommendation of the Board, to the extent that it serves the interest of the Company or guarantees the distribution of fixed Dividends. The Assembly may deduct an appropriate percentage of the net profits to achieve social purposes for the Company's employees.²
3. The General Assembly may decide to distribute Dividends on a semi-annual and/or quarterly basis. The General Assembly may authorize the Board of Directors to do so, in accordance with the Company's Dividend Policy and applicable regulations.
4. Dividends shall be distributed to Eligible Shareholders in proportion to their share ownership in the Company.
5. Dividends may be distributed in the form of cash, bonus share or a combination of both.
6. The Board shall implement the General Assembly resolution with respect to Dividend distribution to the Eligible Shareholders within fifteen (15) Business Days from the Eligibility Date as determined in the GA resolution, or the Board's resolution for the distribution of Interim Dividends.³

¹ Section 42(2) - AoA

² Article 123 – CL

³ Article 46 of IRCL

7. The Board of Directors shall include in its annual report submitted to the General Assembly of the Company the portion of Dividends distributed to Shareholders during different periods of the financial years in addition to the portion of Dividends recommended for distribution at the end of the financial year as well as the aggregate dividend amounts.

2.2 Eligibility for Dividend and Bonus Shares Distribution

1. A Shareholder may be entitled to receive his or her share of cash Dividends or bonus Shares in accordance with the General Assembly resolution issued in this regard, or the resolution of the Board of Directors to distribute Interim Dividends, which shall specify both the Eligibility Date and the Distribution Date.
2. Dividend entitlement shall apply to Shareholders holding the Shares on the Eligibility Date and duly registered with the Depository Centre as of the close of the second trading day following the Record Date. Any Eligible Shareholder who has not received Dividends can inquire about the unreceived Dividends through the Investor Relations office, and claim the Dividends not received by them.
3. The Dividend distribution decision shall be implemented in accordance with the provisions of the rules and regulatory procedures issued pursuant to the Companies Law applicable to listed joint stock companies.

2.3 Distribution of Bonus Shares

1. The Company may distribute Dividends in the form of bonus Shares to its Shareholders. This shall be executed by issuing bonus Shares at the par value of each share, through the conversion of the par value of bonus Shares from the retained earnings account and their subsequent transfer to the share capital.
2. Prior to the capital increase, approval must be obtained from the Capital Market Authority, followed by the approval of the Extraordinary General Assembly of the Company.
3. The Company may, in accordance with the guidelines established by the Competent Authorities, repurchase its own Shares. These shares shall be entitled to receive cash dividend distributions and bonus Shares as determined by the General Assembly.

2.4 Factors Affecting the Dividend

1. Financial Requirements

The Company adopts a Policy of balancing the distribution of Dividends to Shareholders while ensuring the availability of capital expenditures necessary for future growth. The size of the cash dividend to Shareholders depends on the investment opportunities available to the Company, for instance, expansion and investment requirements may necessitate the mobilization of the Company's financial capabilities to exploit investment opportunities and support growth.

The Company prioritizes internal financing sources from retained earnings and cash reserves over external sources such as local debt, foreign currency loans.

2. Cash Availability

The decision to distribute Dividends shall also be based on the availability of sustainable free cash flows. Prior to declaring any Dividend, the Company shall ensure that all operational, investment, and financing commitments are adequately funded, including but not limited to capital expenditure programs, investments, debt service obligations, and working capital requirements. Dividend distributions shall only be considered when residual cash resources, after meeting these commitments, are sufficient to support the proposed payout without compromising the Company's long-term growth objectives, financial stability, or risk management policies.

3. Capital Allocation Priority

In the event of competing demands for available financial resources, the Company shall prioritize funding for strategic capital expenditure, debt repayment obligations, and

regulatory compliance requirements over the payment of Dividends. Dividend distributions shall only be made after ensuring that these priority commitments are fully funded and that doing so will not impair the Company's ability to execute its long-term growth strategy or maintain financial stability.

4. Continuity of Dividend Distribution

Distribution of Dividends are directly linked with stable growth rate while allowing adjustments based on profitability. Dividend distributions may vary in line with annual profit changes.

5. Legal and Regulatory Requirements

The distribution of dividends is subject to all applicable legal and regulatory requirements and may be restricted by the terms of existing loan agreements with financial institutions.

Furthermore, distributions shall be automatically suspended if the Company breaches, or is expected to breach, any material loan covenants and other Board criteria within the next twelve (12) months period following the expected date of the General Assembly/ Board meeting. Distributions will only be reinstated upon Board approval, confirming that all financial covenants are in compliance and that the reinstatement will not adversely affect the Company's financial stability or long-term growth.

6. Other Factors

Additional factors may include, but not limited to, market conditions, macro-economic environment, competition intensity, technological changes, regulatory changes, Shareholders expectations, or any other factors or events considered relevant by the Board.

3. Liquidity & Risk Management

The purpose of this section is to ensure that every Dividend distribution decision is supported by a comprehensive evaluation of the Company's liquidity position, risk exposures, and ability to sustain Shareholder returns without compromising financial stability or long-term growth objectives.

3.1 Assessment Requirement

Before recommending any Dividend to the General Assembly or approving Interim Dividends, the Board of Directors shall ensure that a formal 'Dividend Liquidity & Risk Assessment Checklist' is prepared by the Finance Department which is further reviewed and approved as per DOA.

3.2 Minimum Assessment Components

The checklist shall, at a minimum, include:

- a. 12-month forward cash flow forecast, reflecting expected cash inflows and outflows.
- b. Committed and planned capital expenditure, including strategic projects (e.g., PM5, TM6, future expansions).
- c. Commodity price and forex risk sensitivities.
- d. Debt service obligations, including interest and principal repayments.
- e. Debt Service Coverage Ratio (DSCR) status and forecast.
- f. Leverage ratio (Net Debt-to-EBITDA) status and forecast.
- g. Stress testing and scenario analysis to evaluate the impact of market volatility, cost inflation, and currency movements on free cash flow and dividend capacity.

3.3 Funding Restriction

Dividend distributions shall not be funded through external borrowing except in extraordinary cases as approved by the Board. The approval should be supported by a documented business case and risk mitigation plan.

3.4 Documentation & Reporting

The completed checklist, together with supporting financial analysis and risk assessment report, shall be presented to the Board of Directors as part of the Dividend approval process. A summary of the assessment findings shall be included in the Board's recommendation to the General Assembly.

4. Interim Dividends Distribution

4.1 Conditions for Interim Dividends

The Company may distribute Interim Dividends to its Shareholders on a semi-annual or quarterly basis, after fulfilling the following requirements and in alignment with the AoA:

1. **Annual Authorization:** The General Assembly shall grant annual authorization to the Board of Directors, through a formal resolution, to approve interim dividend distributions during the fiscal year.
2. **Sustainable and Verified Profitability:** The Company must demonstrate sustainable positive profitability derived from core operational performance, without reliance on one-off or non-recurring gains.
3. **Liquidity and Financial Safeguards:** The Company maintains reasonable liquidity and possesses the ability to reasonably project its profit levels. Before approving any interim dividend, the Company shall conduct a formal liquidity risk assessment as outlined above in section 3.3.2
4. **Availability of Distributable Profits:** Distributable Profits, as verified by the latest audited or reviewed financial statements, must be sufficient to fully cover the proposed interim dividend, after deducting all prior distributions and any capitalized amounts during the same fiscal year.
5. **Preservation of Strategic and Growth Commitments:** The interim distribution shall not compromise funding for approved capital expenditure, strategic projects, or other long-term growth initiatives.
6. **Final Ratification:** All Interim Dividends approved by the Board of Directors must be presented to the General Assembly at year-end for formal ratification, ensuring compliance with the Companies Law, CMA regulations, and the Company's internal governance framework.

5. Procedures for Dividend Distribution

5.1 Cash Dividends

1. Based on the Company's financial results and expansion plans, the Board of Directors recommends to the General Assembly the distribution of a certain percentage of profits to Shareholders. The Board may also issue its decision to distribute Interim Dividends if it is authorized to do so. An advertisement shall be published on the market's website in the approved format as soon as the Board issues a decision to recommend to the Assembly or to distribute interim profits.
2. A dedicated item shall be included in the agenda of the General Assembly with the Board's recommendation to distribute cash Dividends to Shareholders or to approve the Dividends already distributed during the year according to the approved formula. After the General Assembly approves the Dividend distribution or the Board issues a resolution to distribute interim profits, the start date of distribution must not exceed fifteen (15) Business Days from the date Eligible Shareholders become entitled to such dividends as determined in such resolution, or the Board's resolution for the distribution of Interim Dividends. An advertisement will then be published on Tadawul's website, specifying the method and date of distribution, the name of the bank or the entity responsible for distributing the dividends, and the contact details for Shareholder inquiries.

3. The Board of Directors must implement its resolution or the decision of the General Assembly regarding the distribution of Dividends to Shareholders registered in the Company's records on the Eligibility Date.
4. The Company shall monitor the distribution process in coordination with the entity responsible for distributing the dividends and address any shareholder inquiries. After the distribution period ends, the company will obtain a final report, including a list of Shareholders who received their Dividends and another list of those whose Dividends could not be distributed.

5.2 Procedures for Granting Bonus Shares and Capital Increase

1. The recommendation of the Board of Directors shall be announced to the General Assembly of the Company to grant bonus Shares to Eligible Shareholders.
2. The CMA's approval for the capital increase must be obtained before granting bonus Shares to Eligible Shareholders.
3. Once the Authority approves the capital increase, the Company shall announce the invitation to hold an Extraordinary General Assembly that includes capital increase. This announcement shall be published on the market's website using the approved advertising format.
4. The Extraordinary General Assembly shall be convened to approve the capital increase. After obtaining approval, a portfolio shall be opened to deposit fractional Shares resulting from the capital increase. These fractional Shares will then be sold, and the proceeds will be distributed to Eligible Shareholders.
5. Upon completion of the sale of fractional Shares, the Company shall announce the results in the approved format and deposit the proceeds into the bank accounts linked to the Eligible Shareholders' investment portfolios.
6. The Extraordinary General Assembly must be held within six (6) months of the Authority's decision to approve the capital increase. The sale of fractional Shares and the distribution of proceeds to Eligible Shareholders must be completed within thirty (30) days from the date of determining the due shares for each Eligible Shareholder.

6. Withholding Tax Implications

Any dividend payments made to non-resident Eligible Shareholders shall be subject to a mandatory withholding tax of 5%, in accordance with ZATCA regulations. Where applicable, reduced treaty rates may apply to Eligible Shareholders resident in countries with a valid Double Tax Treaty, provided that the Eligible Shareholder submits the required documentation to the Company in the prescribed form and within the stipulated timeframe. The Company shall remit the withheld tax to ZATCA within the prescribed deadline and maintain accurate records and reports to ensure full compliance with applicable laws and regulations.

7. Disclosure

The Board must include in its annual report submitted to the General Assembly of the Company the percentages of Dividends distributed to Shareholders during different periods of the financial years in addition to the portion of Dividends proposed for distribution at the end of the financial year, and the aggregate Dividend amounts.⁴

8. Document Retention

The Company shall retain all the minutes, documents, reports and other papers required to be maintained in the Company's head office for at least ten (10) years. Without prejudice to this period, 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.⁵

9. Reference Documents

The reference documents are as follows:

Sr No.	Name of Documents
1.	Articles of Association
2.	Delegation of Authority Policy

10. Legislative Background

This Policy has been prepared in accordance with:

1. The Corporate Governance Regulations (CGR) issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438H (13/2/2017G), as amended
2. The Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, and amended by resolution of the Board of the Capital Market Authority No. 8-5-2023 dated 25/6/1444H (18/1/2023G), based on the Companies Law issued by Royal Decree No. M/132 dated 1/12/1443H; and
3. The laws and regulations applicable to the Middle East Paper Company (MEPCO) as a listed company (Open Joint Stock Company), as well as its Articles of Association.

11. Disclaimer

The references to laws, regulations, and guidelines in this document, including but not limited to the Corporate Governance Regulations (CGR) issued by the Capital Market Authority (CMA) and the Companies Law of the Kingdom of Saudi Arabia, are provided for informational purposes only. These references are intended to align the policies and procedures of Middle East Paper Company ("MEPCO" or the "Company") with applicable legal and regulatory requirements. However, this document does not constitute legal advice, nor does it replace or supersede the official texts of the laws, regulations, or guidelines referenced herein.

In the event of any discrepancy or conflict between the content of this document and the official laws, regulations, or guidelines of the Kingdom of Saudi Arabia, the official laws, regulations, and guidelines shall prevail. The Company reserves the right to update or amend this document to ensure continued compliance with any changes in applicable laws, regulations, or governance standards.

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⁴ Article 48 of IRCL

⁵ Article 93 of CGR

Comparison and New Sections

Article No./Title (Old Policy – 2019)	Before amendment	Article No./Title (New Policy)	After amendment	Notes
Article One: Definitions	<p>“Subject to the definitions set forth in the Market Glossary and the amended Corporate Governance Regulations, the following words and phrases shall have the meanings shown beside each of them unless the context requires otherwise. **Company: Middle East Paper Co. (MEPCO). Board: the Board of Directors of Middle East Paper Co. Authority: the Capital Market Authority (CMA). Market: the Saudi Stock Exchange. Companies Law: the Companies Law issued by Royal Decree No. (M/3) dated 28-01-1437H, as amended. Articles of Association: the Articles of Association of Middle East Paper Co. (MEPCO). Corporate Governance Regulations: the Corporate Governance Regulations issued by the CMA under Resolution No. 8-16-2017 dated 16/05/1438H (13/02/2017G), as amended. General Assembly / Shareholders’ Assembly: the assembly formed from the Company’s shareholders pursuant to the Companies Law and the Articles of Association.”</p>	Definitions	<p>“Terms — Definitions Authority: the Capital Market Authority. Board of Directors: the Board of Middle East Paper Co. Business Day: a business day in the Kingdom per the CMA’s official business days. Companies Law: the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443H and its amendments. Company or MEPCO: Middle East Paper Co. Competent Authority: any regulatory, governmental, supervisory, or semi-governmental authority in Saudi Arabia or any other jurisdiction in which the Company or its subsidiaries operate ... Corporate Governance: the rules for leading and directing the Company ... Corporate Governance Regulations: the CMA’s Corporate Governance Regulations issued under Resolution No. 8162017 dated 16/05/1438H (13/02/2017G), as amended. Distributable Profits ... Distributable Reserves ... Distribution Date ... Dividends ... Executive Management ... Extraordinary General Assembly ... Interim Dividends ... Ordinary General Assembly / General Assembly / Assembly ... Policy ... Record Date ... Eligible Shareholders ... Reserves ... Share Premium Account ... Shareholders ... Shareholders’ Register ... Shares ... Terms and expressions not defined in this Charter shall have the meanings given in the relevant laws and regulations issued by the competent authorities.”</p>	Modified/Restructured
Article Two: Preface	<p>“The Dividend Distribution Policy of Middle East Paper Co. (MEPCO), a Saudi joint stock company, is prepared in accordance with the Companies Law and its executive regulations, the Articles of Association, and the requirements of the Corporate Governance Regulations. This Policy sets the controls and procedures for distributing cash dividends and bonus shares to shareholders. The Board shall set a clear policy for</p>	Introduction	<p>“MEPCO’s Dividend Distribution Policy is established in line with the applicable laws and regulations governing joint stock companies in the Kingdom of Saudi Arabia. The Policy aims to align with the CMA’s regulatory guidance. It ensures an organized, transparent, and fair process for distributing dividends to shareholders, supporting the Company’s compliance with governance and</p>	Modified/Restructured

Article No./Title (Old Policy – 2019)	Before amendment	Article No./Title (New Policy)	After amendment	Notes
	dividend distribution that achieves the interests of shareholders and the Company in accordance with the Articles of Association. This Policy may not be amended except by a Board resolution, unless laws/regulations/instructions issued by the competent authorities provide otherwise.”		compliance rules and delivering added value to shareholders.”	
Article Three: Purpose of the Dividend Distribution Policy	“... The Company has adopted a dividend policy that balances the amount of return distributed to shareholders with the growth rate ... The purpose ... is to reward the Company’s shareholders ... after ensuring sufficient funds are retained to maintain operations and capital expenditures necessary for the Company’s future growth.”	Objectives	“The Company aims to maximize shareholder value ... by providing clear guidance on dividend distributions to ensure consistency, transparency, and alignment with MEPCO’s strategic objectives.”	Modified/Restructured
Article Four: Factors affecting the Dividend Distribution Policy	“Company’s financial requirements: ... reliance on internal financing sources ...Availability of cash liquidity: ... preferably dividends should not be paid from borrowed funds. Continuity of distributions: ... may fluctuate with changes in the Company’s profits ...Legal requirements and legislation: ... statutory reserve ... loan agreement covenants ...”	Factors influencing dividend distributions	“Financial requirements ... Cash availability ... Capital allocation priorities ... Continuity of dividend distributions ... Regulatory and legislative requirements ... Other factors (market conditions, macroeconomics, competition, technological and regulatory changes ...).”	Modified/Restructured
Article Five: Cash dividends distribution	“... (i) 10% of net profits set aside to form the statutory reserve ... (ii) the General Assembly may set a voluntary reserve ... (iii) other reserves ... (iv) from the remainder, a first tranche of no less than 5% ... (v) Board remuneration not to exceed 10% of the remainder ... (vi) possibility of semi-annual or quarterly dividends ...”	Procedures for distributing dividends — Cash dividends	“... the Board recommends to the General Assembly a certain percentage ... the Board may distribute interim dividends if authorized ... publish an announcement on the Market’s website immediately upon the decision ... include an item on the General Assembly’s agenda ... commence distribution within fifteen (15) business days from the record date ... publish an announcement specifying the method and date of distribution and the distributing entity ... monitor the distribution process and obtain a final report listing those to whom dividends were paid and those to whom payment could not be made.”	Modified/Restructured
Article Six: Distribution of bonus shares	“The Company may distribute dividends in the form of free bonus shares ... by issuing bonus shares at par value ... transferred from retained earnings ... CMA approval	Bonus share distributions + Procedures for	“The Company may distribute dividends in the form of bonus shares ... issuing bonus shares at par value by transferring from retained earnings ...	Modified/Restructured

Article No./Title (Old Policy – 2019)	Before amendment	Article No./Title (New Policy)	After amendment	Notes
	then Extraordinary General Assembly approval ... the Company may purchase its own shares to allocate them as employee stock grants to executive employees ... such shares are entitled to distributions ...”	granting bonus shares and capital increase	obtaining CMA approval followed by Extraordinary General Assembly approval ... the Company may repurchase its own shares ... opening an account for fractional shares resulting from the increase, selling them, and distributing the proceeds ... Regulatory timelines: hold the EGM within six (6) months of the CMA’s approval, and sell fractions and distribute proceeds within thirty (30) days from the record determination.”	
Article Seven: Entitlement to dividends and bonus shares	“A shareholder is entitled to his share ... pursuant to the General Assembly’s resolution or the Board’s resolution to distribute interim dividends ... the resolution specifies the record date and the distribution date ... entitlement applies to shareholders of the Company who own the shares on the record date and are registered with the Securities Depository Center at the end of the second trading day following the record date ... the resolution is implemented in accordance with the regulatory controls and procedures for listed joint stock companies.”	Entitlement to dividends and bonus shares	“A shareholder is entitled to his share ... pursuant to the General Assembly’s resolution ... or the Board’s resolution to distribute interim dividends ... the resolution specifies the record date and distribution date ... entitlement applies to shareholders registered with Edaa (Securities Depository Center) at the end of the second trading day following the record date ... a shareholder who did not receive dividends may contact Investor Relations ... implementation according to the controls and procedures for listed joint stock companies.”	Modified/Restructured
Article Eight: Interim dividends	“The Company may distribute interim dividends ... annual authorization to the Board ... solid and recurring profitability ... reasonable liquidity and predictability ... availability of distributable profits per the latest financial statements ... final ratification by the General Assembly at year-end.”	Interim dividend distributions	“The Company may distribute interim dividends to its shareholders on a semiannual or quarterly basis after meeting the requirements: annual authorization, sustainable profitability from core operating performance, liquidity and financial safeguards with a liquidity-risk assessment, availability of distributable profits per the latest financial statements, preserving strategic commitments and growth initiatives, and final ratification by the General Assembly at year-end.”	Modified/Restructured
Article Nine: Disclosure of dividend distributions	“The Board must ensure its annual report includes ... the percentage of dividends distributed ... the percentage proposed for distribution ... total dividend amounts ... immediate disclosure of interim dividends on the Market website ...”	Disclosure	“The Board must include in its annual report ... the percentages of dividends distributed ... the portion proposed for distribution ... the total amounts of dividends.”	Modified/Restructured

Article No./Title (Old Policy – 2019)	Before amendment	Article No./Title (New Policy)	After amendment	Notes
Article Ten: Recommendation and distribution procedures	Cash dividends: "... the Board recommends ... may distribute interim dividends ... publish an announcement ... engage a licensed bank to distribute dividends ... include an item on the General Assembly agenda ... start distribution within 15 business days from the Board/GA decision ... publish an announcement showing the method/date and the bank's name ... monitor distribution and obtain the data file ..." Granting bonus shares (capital increase): "... announce the recommendation ... obtain CMA approval ... call for an Extraordinary General Assembly ... open an account for fractional shares, sell fractions and distribute proceeds ... Timelines: 6 months to hold the EGM; 30 days to sell fractions and distribute proceeds ..."	Dividend distribution procedures	"Cash dividends: (as in the opposite column, with details of announcements, timelines, distributing entity, and final follow-up). Procedures for granting bonus shares and capital increase: (as in the opposite column, with details of approvals, announcements, regulatory timelines, sale of fractions, and distribution of proceeds)."	Modified/Restructured
Article Eleven: Review and effectiveness	"The Policy is subject to annual review by the Board or its designee ... the Policy is amended by Board resolution ... becomes effective upon adoption ... it complements the Company's Corporate Governance Regulations and Articles of Association ... the Saudi Companies Law and its regulations, the CMA laws and regulations, the Articles of Association, and competent authorities' resolutions apply where no text exists."	Policy Owner	Policy Owner: "The Governance, Risk & Compliance (GRC) function is responsible for the master version ... the Corporate Secretary coordinates ... review every four (4) years or as needed ... no implementation except after General Assembly approval."	Modified/Restructured
—	—	Scope	"This Policy applies to all dividend distributions ... whether cash dividends, bonus shares, or interim distributions."	New article in the new policy
—	—	Liquidity and Risk Management	"Purpose ... to ensure each dividend decision is supported by a thorough assessment of liquidity and risk ... Assessment requirements: preparation of a 'Liquidity & Risk Assessment Checklist' by Finance and its review per the Delegation of Authority matrix. Minimum components: 12-month cash-flow forecasts; capital expenditures (PM5, TM6 ...); commodity/FX sensitivities; debt service and ratios; stress tests ..."	New article in the new policy

Dividend Distribution Policy — Comparison and New Sections

Article No./Title (Old Policy – 2019)	Before amendment	Article No./Title (New Policy)	After amendment	Notes
			<p>Financing constraints: no funding of distributions through external borrowing except by way of exception and with Board approval supported by a feasibility and risk-mitigation analysis.</p> <p>Documentation & reporting: present the checklist and analysis to the Board and include a summary in the Board’s recommendation to the General Assembly.”</p>	
—	—	Withholding Tax Effects	“Dividends paid to non-resident shareholders are subject to 5% withholding tax under the ZATCA rules, with the possibility of applying treaty rates where applicable ... the Company shall remit within statutory deadlines and maintain records.”	New article in the new policy
—	—	Records Retention	“Keep all minutes, documents, and reports ... at the head office for no less than ten (10) years ... If there are claims/investigations, retention continues until closure.”	New article in the new policy
—	—	Reference Documents	1) Articles of Association. 2) Delegation of Authority Policy	New article in the new policy
—	—	Legislative Background	“Corporate Governance Regulations (Resolution 8-16-2017 and amendments); Companies Law (including CMA Resolution 8-5-2023 based on M/132); and the laws and regulations applicable to MEPCO as a listed company and its Articles of Association.”	New article in the new policy
—	—	Disclaimer	“References ... are for information and to align Company policies with regulatory requirements ... they do not constitute legal advice ... in case of conflict, official texts prevail ... the Company may update the Policy to ensure compliance.”	New article in the new policy