

Governance Regulations

Nahdi Medical Company

(A Saudi Joint Stock Company)

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Torjoman AlRaqamiyah For Translation
3688 Khurais Branch Road - Al Rawda Dist.
Riyadh, Saudi Arabia
Short Address: RFRA3688
CR: 1010742274
Phone Number: +966 56 585 5221

شركة ترجمان الرقمية للترجمة
٣٦٨٨ طريق خريص الفرعي - حي الروضة
الرياض، المملكة العربية السعودية
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السجل التجاري: ١٠١٠٧٤٢٢٧٤
تليفون: +٩٦٦٥٦٥٨٥٥٢٢١

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Part I:

Preliminary Provisions

Definitions

The following words and phrases shall have the meanings assigned to them below, unless the context requires otherwise:

Governance Rules: The Governance Rules of Nahdi Medical Company.

Company: Nahdi Medical Company

Board of Directors or Board: The Board of Directors of Nahdi Medical Company.

Bylaws: The Bylaws of Nahdi Medical Company.

Corporate Governance Regulations: The Corporate Governance Regulations issued by the Council of the Capital Market Authority pursuant to Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023AD), as amended from time to time.

Companies Law: The Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H, as amended from time to time.

Capital Market Law: The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, as amended from time to time.

Rules on the Offer of Securities and Continuing Obligations: The Rules on the Offer of Securities and Continuing Obligations issued by the Council of the Capital Market Authority.

Listing Rules: The Listing Rules approved by the Council of the Capital Market Authority.

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Authority/CMA: The Capital Market Authority.

Exchange/Tadawul: The Saudi Stock Exchange.

Company: The listed joint stock company.

Board of Directors/Board: The Board of Directors of the Company.

Corporate Governance: Rules for leading and directing the Company, including mechanisms to regulate the various relationships between the Board, executive directors, shareholders, and stakeholders, by establishing specific rules and procedures to facilitate decision-making and add transparency and credibility, for the purpose of protecting the rights of shareholders and stakeholders and achieving fairness, competitiveness, and transparency on the Exchange and business environment.

Shareholder Assembly: An assembly formed by the Company's shareholders under the provisions of the Companies Law and the Company's Bylaws.

Executive Director: A Board member who is a full-time member of the Company's executive management and participates in its daily activities.

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

Independent Director: A non-executive Board member who enjoys complete independence in their position and decisions, and to whom none of the issues affecting independence stipulated in Article 19 of the Corporate Governance Regulations apply.

Executive Management or Senior Executives: Persons entrusted with managing the Company's daily operations, and proposing and implementing strategic decisions, such as the CEO and deputies thereof, and the CFO.

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Stakeholders: Any person who has an interest in the Company, such as employees, creditors, customers, suppliers, and the community.

Substantial Shareholders: Anyone who owns 5% or more of the Company's shares or voting rights.

Controlling Interest: The ability to influence the actions or decisions of another person, directly or 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.

Remunerations: Amounts, allowances, profits and the like, periodic or annual bonuses linked to performance, long or short term incentive plans, and any other in-kind benefits, excluding actual reasonable expenses and costs incurred by the Company to enable a Board member to perform their duties.

Day: A calendar day, whether a business day or not.

Preamble

The Governance Rules of Nahdi Medical Company ("Nahdi" or "Company") set forth the rules and standards regulating the Company's management to ensure compliance with best corporate governance practices, guaranteeing the protection of the rights of shareholders and stakeholders. The Company is committed to following the highest standards of governance, out of its belief that sound governance rules

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are a vital tool for growing shareholder wealth over the long term. These rules are consistent with the Company's commitment to quality across all its operations, activities, and products.

The rules, policies, and procedures contained herein are binding upon the members of the Board of Directors, executive management, and employees of the Company. The Governance Rules may only be amended by a resolution of the Company's Board of Directors.

Objectives of the Regulations

The Nahdi Governance Rules aim to establish an effective legal framework for the Company's governance, and in particular to:

1. Activate the role of the Company's shareholders and facilitate the exercise of their rights.
2. Define the competencies and responsibilities of the Board of Directors and Executive Management.
3. Activate the role of the Board and committees and develop their efficiency to enhance decision-making mechanisms within the Company.
4. Achieve transparency, integrity, and fairness in the capital market, its transactions, and the business environment, and enhance disclosure therein.
5. Provide effective and balanced tools for dealing with conflicts of interest.
6. Strengthen control and accountability mechanisms for the Company's employees.
7. Establish a general framework for dealing with stakeholders and respecting their rights.
8. Increase the efficiency of the Company's supervision and provide the necessary tools for it.
9. Raise the Company's awareness of the concept of professional conduct and encourage its adoption and development in a manner suited to its nature.



Part III:

Board of Directors

Chapter I: Formation of the Board of Directors

Composition of the Board

The following shall be taken into account when forming the Board of Directors:

1. The number of Board members shall be proportionate to the Company's size and the nature of its activities.
2. The majority of members shall be Non-Executive Directors.
3. The number of Independent Directors must not be less than two members or one-third of the Board members, whichever is greater.

Appointment of Board Members

- A. The Company's Bylaws shall determine the number of Board members, provided it is not less than three.
- B. The General Assembly shall elect the Board members for the term stipulated in the Company's Bylaws, provided that it does not exceed four years. Board members may be re-elected unless the Company's Bylaws provide otherwise.
- C. A Board member shall not hold membership in the boards of directors of more than five listed joint-stock companies at the same time.
- D. The Company shall notify the Authority of the names of the Board members and their membership status within five business days from the start of the Board's term or from the date of their appointment—whichever is earlier—and of any changes to their membership within five business days from the date of such changes.

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Conditions for Board Membership

A Board member shall possess the requisite professional competence, encompassing the experience, knowledge, specialized skills, and independence necessary to discharge their duties with efficiency and proficiency. In particular, the following criteria shall be observed:

- Leadership Capacity:** The candidate shall possess leadership skills that enable the delegation of authority, thereby incentivizing performance and fostering the implementation of best practices in effective management, while maintaining strict adherence to professional values and ethics.
- Competence:** The candidate shall possess the requisite academic qualifications, professional skills, and interpersonal attributes, complemented by an appropriate level of training and practical experience relevant to the Company's current and future activities, or in the fields of management, economics, accounting, law, or governance, in addition to a demonstrable aptitude for ongoing learning and professional development.
- Strategic Directional Capability:** The candidate shall demonstrate technical, leadership, and administrative capabilities, decisive decision-making skills, and the capacity to assimilate technical requirements related to operational workflows. Furthermore, the candidate must be capable of providing strategic guidance, long-term planning, and a clear future vision.
- Financial Literacy:** The candidate shall be proficient in reading and interpreting financial statements and reports.
- Physical Fitness:** The candidate shall be free from any medical condition that may impede the effective discharge of their duties and areas of competence.

Upon the election of Board members, the General Assembly shall take into consideration the recommendations of the Remuneration and Nomination Committee, ensuring that candidates possess the requisite personal and professional attributes to perform their duties effectively as prescribed in this Article.

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Termination of Board Membership

- The Company's Bylaws prescribe the procedures for terminating Board membership. In accordance with the Company's Bylaws, membership shall terminate upon the expiration of the Board's term or upon a member becoming ineligible for office pursuant to any applicable laws or regulations in the Kingdom. Notwithstanding the foregoing, the Ordinary General Assembly may, at any time, remove all or any of the Board members, without prejudice to the right of the dismissed member to seek compensation should the removal occur for an unjustifiable reason or at an inappropriate time.
- The General Assembly may—acting upon a recommendation from the Board of Directors—terminate the membership of any member who fails to attend three consecutive Board meetings without a legitimate excuse.
- Upon the termination of a Board member's tenure through any of the prescribed methods of termination, the Company shall immediately notify the Authority (CMA) and the Exchange (Tadawul), providing a statement of the underlying reasons.
- Should a Board member resign and harbor any observations regarding the Company's performance, such member must submit a written statement to the Chairman of the Board; such statement must subsequently be presented to the Board members.

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7. Receiving financial sums from the Company in addition to the remuneration for Board or committee membership exceeding SAR 200,000, or exceeding 50% of the remuneration the member received in the previous year for such memberships, whichever is lower.
 8. Engaging in any business that competes with the Company, or trading in any of the business sectors in which the Company operates.
 9. Having served for more than nine years, whether continuous or intermittent, as a member of the Company's Board of Directors.
- D. Business and contracts executed to meet a Director's personal needs shall not be deemed a conflict of interest precluding independence—nor shall they require authorization from the Ordinary General Assembly—provided that such transactions are conducted under the same terms and conditions as those applied by the Company to all contractors and dealers within its normal course of business, unless the Nomination Committee determines otherwise.

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Chapter II: Responsibilities and Competencies of the Board

Board Responsibility

- A. The Board of Directors represents the collective interests of all shareholders; it is incumbent upon the Board to exercise the duties of care and loyalty in the management of the Company, and to undertake all measures conducive to safeguarding, developing, and maximizing the Company's value.
- B. The Board of Directors bears ultimate responsibility for the Company's operations, notwithstanding any delegation of certain competencies to committees, entities, or individuals. In all instances, the Board of Directors is strictly prohibited from issuing any general or indefinite delegation of authority.

Main Functions of the Board

Subject to the competencies reserved for the General Assembly pursuant to the Companies Law, its Executive Regulations, and the Company's Bylaws, the Board of Directors shall be vested with the broadest powers to manage the Company and oversee its business affairs to achieve its corporate objectives. The duties and competencies of the Board of Directors shall include, inter alia, the following:

1. Formulating the principal plans, policies, strategies, and objectives of the Company; overseeing their implementation; periodically reviewing them; and ensuring the availability of the human and financial resources necessary for their achievement, including:
 - A. Establishing, reviewing, and directing the Company's comprehensive strategy, key business plans, and risk management policies and procedures.

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- B. Approving the annual business plan as well as the annual operating, capital, and strategic revenue and expenditure budgets, along with the financial strategy that supports the realization of the Company's overarching strategy and plans.
 - C. Determining the optimal capital structure for the Company, its financial strategies, and objectives, and approving all types of estimated budgets.
 - D. Overseeing the Company's major capital expenditures and the acquisition and disposal of assets.
 - E. Setting performance targets and monitoring both the execution and the overall corporate performance.
 - F. Periodically reviewing and approving the Company's organizational and functional structures.
 - G. Verifying the adequacy of the human and financial resources required to fulfill the Company's primary objectives and plans.
2. Establishing internal control systems and procedures and exercising general oversight thereof, including:
- A. Developing a written policy to address actual and potential conflicts of interest for members of the Board of Directors, Executive Management, and shareholders, encompassing the misuse of the Company's assets and facilities, and irregularities resulting from related-party transactions.
 - B. Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
 - C. Ensuring the implementation of appropriate control systems for risk measurement and management by formulating a general perception of the risks the Company may encounter, fostering a corporate-wide risk management culture, and addressing these risks transparently with stakeholders and related parties.

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- D. Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
3. Drafting clear and specific policies, standards, and procedures for Board membership—in a manner that does not contravene the mandatory provisions of the Corporate Governance Regulations—and implementing them following approval by the General Assembly.
 4. Developing a written policy governing the relationship with stakeholders in accordance with the provisions of these Regulations.
 5. Establishing policies and procedures that ensure the Company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders, and verifying Executive Management's adherence thereto.
 6. Overseeing the management of the Company's finances, cash flows, and financial and credit relations with third parties.
 7. Submitting recommendations to the Extraordinary General Assembly regarding the following:
 - A. Increasing or decreasing the Company's share capital.
 - B. Dissolving the Company prior to the expiry of its term as specified in the Bylaws or resolving its continuity.
 8. Submitting recommendations to the Ordinary General Assembly regarding the following:
 - A. The utilization of the Company's reserves, should any be formed by the Extraordinary General Assembly and not designated for a specific purpose in the Bylaws.
 - B. The formation of additional financial reserves or provisions for the Company.
 - C. The method of distributing the Company's net profits.
 9. Preparing and approving the Company's interim and annual financial statements prior to publication.
 10. Preparing and approving the Board of Directors' report prior to publication.

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11. Ensuring the accuracy and integrity of the data and information required to be disclosed pursuant to the applicable disclosure and transparency policies and systems.
12. Establishing effective communication channels that allow shareholders to continuously and periodically review the various aspects of the Company's activities and any material developments.
13. Forming specialized Board committees by virtue of resolutions specifying each committee's term, powers, and responsibilities, and the manner of Board oversight; such resolutions shall name the members and define their duties, rights, and obligations, while periodically evaluating the performance of these committees and their members.
14. Determining the types of remuneration granted to the Company's employees, such as fixed and performance-linked bonuses and share-based incentives, in compliance with the Implementing Regulations of the Companies Law for Listed Joint Stock Companies.
15. Notifying the Ordinary General Assembly, upon its convening, of any business and contracts in which a Board member has a direct or indirect interest; such notification shall include the information provided by a Board member to the Board in accordance with these Regulations and shall be accompanied by a special report from the Company's external auditor.
16. Establishing the values and standards that govern the Company's operations.

Allocation of Competencies and Duties

The Company's organizational structure shall clearly define the competencies and the allocation of duties between the Board of Directors and the Executive Management, in alignment with best corporate governance practices, to enhance the efficiency of corporate decision-making and achieve an optimal balance of powers and authorities between both bodies. To that end, the Board of Directors shall:

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1. Approve and develop internal policies governing the Company's operations, including the specification of duties, competencies, and responsibilities assigned to various organizational levels.
2. Adopt a comprehensive written policy detailing the authorities delegated to the Executive Management, supplemented by an authorization matrix (Delegation of Authority Matrix) specifying the manner of execution and the duration of such delegation. The Board may require the Executive Management to submit periodic reports concerning the exercise of these delegated powers.
3. Identify specific matters over which the Board reserves exclusive decision-making authority.

Separation of Positions

- A. Subject to the provisions of the Company's Bylaws, the Board of Directors shall appoint a Chairman and a Vice Chairman from among its members. The Board may further appoint a Managing Director or a Chief Executive Officer (CEO) from its membership.
- B. The positions of Chairman of the Board and any executive position within the Company—including that of Managing Director, CEO, or General Manager—shall not be held concurrently by the same individual, notwithstanding any provision to the contrary in the Company's Bylaws.
- C. The Board of Directors shall clearly define and document the respective competencies and responsibilities of the Chairman, the Vice Chairman, and the Managing Director or CEO, should the Company's Bylaws be silent on such matters.
- D. In all instances, no single individual shall be vested with unfettered decision-making authority over the Company.

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Oversight of Executive Management

The Board of Directors is responsible for the formation of the Company's Executive Management, the regulation of its operational procedures, and the continuous oversight and supervision of its performance to ensure the fulfillment of assigned duties. To this end, the Board shall:

1. Establish necessary administrative and financial policies.
2. Verify that the Executive Management operates in strict accordance with the Board-approved policies.
3. Select and appoint the CEO and oversee their performance.
4. Appoint and dismiss the Director of Internal Audit (or the Internal Auditor) and determine their remuneration.
5. Convene periodic meetings with the Executive Management to review operational progress, address any existing impediments or challenges, and deliberate upon material information regarding the Company's activities.
6. Establish performance benchmarks for the Executive Management that align with the Company's strategic objectives.
7. Review and evaluate the performance of the Executive Management.
8. Formulate succession plans for the Company's management.

Competencies and Duties of the Executive Management

Subject to the competencies reserved for the Board of Directors pursuant to the provisions of the Companies Law and its Implementing Regulations, the Executive Management shall be responsible for implementing the Company's primary plans, policies, strategies, and objectives in a manner that fulfills

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its corporate purposes. The competencies and duties of the Executive Management shall include, inter alia, the following:

1. Executing the Company's internal policies and regulations as approved by the Board of Directors.
2. Proposing and implementing the Company's comprehensive strategy, primary and interim business plans, investment and financing policies and mechanisms, risk management frameworks, and contingency management plans.
3. Proposing the optimal capital structure for the Company, along with its financial strategies and objectives.
4. Proposing major capital expenditures and the acquisition or disposal of assets.
5. Proposing the Company's organizational and functional structures and submitting them to the Board of Directors for approval.
6. Executing internal control systems and procedures and exercising general oversight thereof, including:
 - A. Implementing the Conflict of Interest Policy.
 - B. Ensuring the sound application of financial and accounting systems, including those pertaining to the preparation of financial reports.
 - C. Applying appropriate control systems for risk measurement and management by formulating a general perception of the risks facing the Company, fostering a corporate-wide risk mitigation culture, and addressing such risks transparently with the Board of Directors and other stakeholders.
7. Effectively implementing the Company's governance rules—provided they do not contravene the provisions of these Regulations—and proposing amendments thereto as necessary.
8. Executing policies and procedures that ensure the Company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders.

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Phone Number: +966 56 585 5221

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٣٦٨٨ طريق خريص الفرعي - حي الروضة
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تليفون: +٩٦٦٥٦٥٨٥٥٢٢١

9. Providing the Board of Directors with necessary information to exercise its competencies and submitting recommendations regarding the following:
 - A. Increasing or decreasing the Company's share capital.
 - B. The dissolution of the Company prior to its specified term in the Bylaws or resolving its continuity.
 - C. The utilization of the Company's reserves if not designated for a specific purpose in the Bylaws.
 - D. The formation of additional reserves.
 - E. The method of distributing the Company's net profits.
10. Proposing the remuneration policy and the types of incentives granted to employees, including fixed, performance-linked, and share-based bonuses.
11. Preparing periodic financial and non-financial reports regarding the progress of the Company's activities in light of its strategic plans and objectives, and presenting said reports to the Board of Directors.
12. Managing daily operations and conducting the Company's activities, in addition to optimizing resource management in alignment with corporate objectives and strategy.
13. Actively participating in building and developing a culture of ethical values within the Company.
14. Implementing internal control and risk management systems, verifying their effectiveness and adequacy, and ensuring adherence to the risk appetite levels approved by the Board of Directors.
15. Proposing internal policies governing the Company's operations, including the specification of duties, competencies, and responsibilities assigned to various organizational levels.
16. Proposing a clear policy for the delegation of tasks to Executive Management and the methodology for its execution.

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17. Proposing the authorities to be delegated to it, including decision-making procedures and the duration of such delegation, provided that periodic reports regarding the exercise of these authorities are submitted to the Board of Directors.

Chapter III: Competencies and Duties of the Chairman and Board Members

Competencies and Duties of the Chairman

Without prejudice to the competencies of the Board of Directors, the Chairman shall lead the Board, oversee its workflow, and ensure the effective discharge of its duties. The duties and competencies of the Chairman shall specifically include the following:

1. Ensuring that Board members receive complete, clear, accurate, and non-misleading information in a timely manner.
2. Verifying that the Board of Directors deliberates on all fundamental matters effectively and opportunely.
3. Representing the Company before third parties in accordance with the provisions of the Companies Law, its Implementing Regulations, and the Company's Bylaws.
4. Encouraging Board members to execute their duties effectively and in a manner that serves the best interests of the Company.
5. Guaranteeing the existence of effective communication channels with shareholders and ensuring that their views are conveyed to the Board of Directors.
6. Fostering constructive relationships and active engagement between the Board of Directors and the Executive Management, as well as among executive, non-executive, and independent directors, while establishing a corporate culture that encourages constructive criticism.

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Duties and Obligations of Board Members

Each Board member, by virtue of their membership, shall discharge the following duties and obligations:

1. Submitting proposals for the development of the Company's strategy.
2. Monitoring the performance of Executive Management and the extent to which it achieves the Company's objectives and purposes.
3. Reviewing performance reports pertaining to the Company's operations.
4. Verifying the integrity and soundness of the Company's financial statements and information.
5. Ensuring that the Company's financial controls and risk management systems are robust.
6. Determining appropriate remuneration levels for members of the Executive Management.
7. Expressing opinions on the appointment and dismissal of members of the Executive Management.
8. Participating in the formulation of succession and replacement plans for the Company's executive positions.
9. Fully complying with the provisions of the Companies Law, the Capital Market Law, their Implementing Regulations, other relevant legislation, and the Company's Bylaws when exercising Board membership duties, and refraining from engaging or participating in any act that constitutes mismanagement of the Company's affairs.
10. Attending Board meetings and General Assembly meetings, and absenting oneself only for a legitimate excuse pre-notified to the Chairman, or for emergency reasons.
11. Allocating sufficient time to fulfill responsibilities and prepare for Board and committee meetings; participating effectively therein, including posing relevant inquiries and engaging in deliberations with the Company's senior executives.
12. Studying and analyzing information pertinent to matters under consideration by the Board prior to expressing an opinion thereon.

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13. Enabling other Board members to express their views freely, and urging the Board to deliberate on matters and solicit opinions from specialists within the Executive Management or external parties as necessary.
14. Disclosing fully and immediately to the Board any direct or indirect interest in business or contracts executed for the Company's account; such disclosure shall include the nature and extent of the interest, the names of any involved parties, and the expected direct or indirect benefit (whether financial or non-financial). The member must abstain from voting on any resolution issued in this regard, pursuant to the Companies Law, the Capital Market Law, and their Implementing Regulations.
15. Disclosing fully and immediately to the Board any direct or indirect participation in business that competes with the Company, or any direct or indirect competition in any of the Company's business sectors, pursuant to the Companies Law, the Capital Market Law, and their Implementing Regulations.
16. Maintaining confidentiality by not disclosing or disseminating any secrets acquired through Board membership to any shareholder—except during General Assembly meetings—or to any third party, as required by the Companies Law, the Capital Market Law, and their Implementing Regulations.
17. Acting on the basis of complete information and in good faith, while exercising the requisite care and diligence in the best interests of the Company and all shareholders.
18. Recognizing the duties, roles, and responsibilities inherent in Board membership.
19. Developing personal knowledge of the Company's activities and operations, as well as related financial, commercial, and industrial fields.
20. Resigning from Board membership in the event that the member becomes unable to fulfill their duties to the Board in a comprehensive and proper manner.

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Duties of Independent Directors

Subject to Article 28 of these Regulations, an Independent Director shall actively participate in the discharge of the following duties:

1. Providing an independent opinion regarding the Company's strategic matters, policies, performance, and the appointment of members of the Executive Management.
2. Ensuring that the best interests of the Company and its shareholders are prioritized and safeguarded in the event of any conflict of interest.
3. Overseeing the development of the Company's corporate governance rules and monitoring the Executive Management's adherence thereto.

Chapter IV: Procedures of the Board Activities

Board Meetings

- A. Subject to the provisions of the Companies Law and its Implementing Regulations, the Board of Directors shall convene regular meetings to discharge its duties effectively; furthermore, the Board shall convene additional meetings whenever circumstances necessitate.
- B. The Board of Directors shall hold a minimum of four meetings per fiscal year, with at least one meeting occurring every quarter.
- C. The Board of Directors shall convene upon the invitation of the Chairman or at the request of any Board member. The notice of the meeting shall be dispatched to each Board member at least five days prior to the scheduled date, accompanied by the meeting agenda and all requisite documentation and information. Notwithstanding the foregoing, should an emergency situation arise, the meeting notice—along with the agenda and necessary documentation—may be dispatched within a period of less than five days prior to the meeting date.

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D. A meeting of the Board shall not be deemed valid unless attended by at least half of the Board members (either in person or by proxy), provided that the number of attendees is no less than three, unless the Company's Bylaws prescribe a higher percentage or number.

Board Resolutions and Deliberations

- The resolutions of the Board of Directors shall be adopted by a majority vote of the members present or represented by proxy at the meeting. In the event of a tie, the Chairman of the meeting shall have a casting vote.
- The Board of Directors may adopt resolutions on urgent matters by circulating them to members individually, unless a Board member submits a written request for a Board meeting to deliberate on such matters. Any resolutions adopted in this manner must be presented to the Board at its next scheduled meeting.
- The deliberations and resolutions of the Board of Directors shall be documented in minutes signed by the Chairman of the meeting, the attending Board members, and the Secretary. These minutes shall be recorded in a dedicated register signed by the Chairman of the Board and the Secretary.

Remarks of Board Members

- A. Should any Board member harbor observations regarding the Company's performance or any matters presented that remain unresolved during a meeting, such observations—along with the actions taken or proposed by the Board in response—must be documented in the minutes of the meeting.
- B. If a Board member expresses a dissenting opinion to a resolution adopted by the Board, such dissent must be recorded in detail within the minutes of the meeting.

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Organizing Attendance of Board Meetings

- A. The process for attending Board meetings shall be formally organized, including protocols for addressing instances of irregular attendance by members.
- B. An Independent Director shall specifically ensure attendance at all meetings wherein material and pivotal resolutions affecting the Company's status are adopted.

Agenda of the Board

- A. The Board of Directors shall approve the agenda upon the commencement of the meeting. Should any member object to the proposed agenda, such objection must be formally recorded in the minutes.
- B. Every Board member retains the right to propose the addition of any item to the agenda.

Exercise of Competencies of the Board

- A. The Board of Directors shall exercise its competencies and duties in leading the Company within a framework of prudent and effective controls that facilitate the assessment, management, and mitigation of risks.
- B. Subject to these Regulations, the Board of Directors may—within the scope of its competencies—delegate the performance of specific tasks or actions to one or more of its members, its committees, or third parties.
- C. The Board of Directors shall establish an internal policy outlining its operational procedures, aimed at incentivizing members to act effectively in fulfillment of their fiduciary duties toward the Company.

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D. The Board of Directors shall be responsible for organizing its workflows and allocating sufficient time to discharge its assigned tasks and responsibilities, including the preparation for Board and committee meetings, and ensuring the proper coordination, recording, and preservation of meeting minutes.

Secretary of the Board

A. The Board of Directors shall appoint a Secretary from among its members or from third parties. The Secretary's competencies and remuneration shall be determined by a resolution of the Board of Directors—unless the Company's Bylaws contain specific provisions in this regard—provided that such competencies include the following:

1. Documenting Board meetings and preparing minutes thereof, encompassing the discussions and deliberations held, specifying the venue, date, and commencement and adjournment times of the meeting; recording Board resolutions and voting outcomes; and maintaining these records in an organized and dedicated register. Such minutes shall further list the names of the attending members and any reservations expressed—if any—and shall be signed by the Chairman of the meeting, all attending members, and the Secretary.
2. Safekeeping the reports submitted to the Board as well as the reports prepared by the Board.
3. Providing Board members with the Board meeting agenda, working papers, related documentation, and information, along with any additional documents or information requested by any Board member pertaining to the items included in the agenda.
4. Verifying the adherence of Board members to the procedures and protocols adopted by the Board.
5. Notifying Board members of meeting dates sufficiently in advance of the scheduled time.
6. Presenting draft minutes to Board members for their feedback before signing them.

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7. Verifying that Board members receive full and prompt copies of Board meeting minutes, as well as information and documents related to the Company.
 8. Coordinating among Board members.
 9. Maintaining a register of disclosures for Board members and Executive Management, as stipulated in Article Eighty-Nine of these Regulations.
 10. Providing assistance and advice to Board members.
- B. The Board Secretary may only be dismissed by a resolution of the Board of Directors.

Qualifications of the Secretary

The Board of Directors shall determine the qualifications required for the Board Secretary, provided they include any of the following:

1. Holding a university degree in law, finance, accounting, administration, or equivalent, with at least three years of relevant practical experience.
2. Having at least five years of relevant practical experience.

Remuneration of the Chairman and Board Members

The Chairman and Board members shall receive an annual financial remuneration of SAR 500,000, in addition to an attendance allowance of SAR 5,000 for each meeting.

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Chapter V: Training, Support, and Evaluation

Training

The Company shall pay sufficient attention to the training and qualification of Board members, committee members, and Executive Management, and shall develop the necessary programs for this purpose, taking into account the following:

1. Preparing onboarding programs for newly appointed Board members, committee members, and Executive Management to familiarize them with the Company's workflow and activities, specifically:
 - A. The Company's strategy and objectives.
 - B. Financial and operational aspects of the Company's activities.
 - C. Obligations, duties, responsibilities, and rights of Board members.
 - D. Duties and competencies of the Company's committees.
2. Establishing necessary mechanisms for Board members, committee members, and Executive Management to receive continuous training programs and courses to develop their skills and knowledge in fields relevant to the Company's activities.

Providing Members with Information

The Company's Executive Management shall provide Board members—and Non-Executive Directors in particular—as well as Company committees with all necessary information, data, documents, and records. Such information must be complete, clear, correct, non-misleading, and provided in a timely manner to enable them to perform their duties and tasks.

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Chapter VI: Conflict of Interest

Dealing with Conflict of Interest and Related Party Transactions

Subject to the provisions of the Companies Law and its Implementing Regulations, cases of conflicts of interest and related party transactions or dealings shall be handled in accordance with the provisions set forth in this Chapter.

Conflict of Interest Policy

The Board of Directors shall establish a clear, written policy for handling actual or potential conflicts of interest that may affect the performance of Board members, committee members, Executive Management, or other Company's employees when dealing with the Company or other stakeholders. This policy shall specifically include the following:

1. Ensure Board members, committee members, major shareholders, senior executives, and other employees are aware of the necessity of avoiding situations that lead to a conflict of interest with the Company, and handling them according to the Companies Law and its Implementing Regulations.
2. Provide illustrative examples of conflict of interest cases tailored to the nature of the Company's business.
3. Conduct clear procedures for disclosing conflicts of interest in business activities where a conflict may arise, and obtaining the necessary authorization or approval.
4. Require permanent disclosure of situations that may lead to a conflict of interest or when such a conflict occurs.

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5. Require to abstain from voting or participating in decision-making when a conflict of interest exists.
6. Conduct clear procedures for when the Company enters into a contract or transaction with a related party, including notifying the Authority and the public without delay if the transaction equals or exceeds 1% of the Company's total revenue according to the latest audited annual financial statements.
7. Implement measures to be taken by the Board of Directors if a breach of this policy is identified.

Avoidance of Conflict of Interest

A. A Board member shall:

1. Exercise their duties with honesty and integrity, prioritize the interests of the Company and its shareholders over personal interests, and refrain from exploiting their position for private gain.
2. Avoid conflict of interest situations and notify the Board of any conflicts that may affect their impartiality when considering matters before the Board. The Board shall exclude such a member from deliberations and not count their vote on these matters in Board meetings or Shareholder Assemblies.
3. Maintain the confidentiality of information related to the Company and its activities and refrain from disclosing it to any person.

B. A Board member shall not:

- C. Vote on a resolution of the Board or General Assembly regarding business or contracts executed for the Company's account if they have a direct or indirect interest therein.
- D. Exploit or benefit—directly or indirectly—from any of the Company's assets, information, or investment opportunities offered to them in their capacity as a Board member or offered to the

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Company. This includes investment opportunities within the Company's scope of activities or those the Company wishes to utilize. This prohibition also applies to a member who resigns to exploit such opportunities—directly or indirectly—that they became aware of during their Board membership.

Disclosure of Conflict of Interest by the Nominee

Anyone wishing to nominate themselves for Board membership shall disclose to the Board and the General Assembly any conflict of interest—in accordance with the procedures prescribed by the Authority—including:

1. Having a direct or indirect interest in the business or contracts executed for the Company's account.
2. Engagement in any business that may compete with the Company, or competition in any of the specific business sectors in which the Company operates.

Article 44: Rules of Competing with the Company

Subject to the Companies Law and the relevant provisions of these Regulations, if a member of the Board or a committee wishes to participate in a business that would compete with the Company or compete in one of its activities, the following shall be observed:

1. Notifying the Board of Directors of the competing business they wish to practice, and recording this notification in the Board meeting minutes.
2. The interested member shall not participate in voting on the resolution issued in this regard in the Board, its committees, or Shareholder Assemblies.

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3. The Board of Directors shall inform the Ordinary General Assembly when it convenes of the competing businesses practiced by the Board or committee member.
4. Obtaining an authorization from the Company's Ordinary General Assembly or from the Board of Directors, acting under a delegation from the Ordinary General Assembly, allowing the member to practice the competing business.

Concept of Competing Businesses

The concept of participating in any business that would compete with the Company or with one of its branches of activity include the following cases:

1. A Board member establishing a company or a sole proprietorship, or owning an influential percentage of shares or stakes in another company or entity that practices an activity similar to the Company or its group.
2. Accepting membership in the board of directors of a company or entity competing with the Company or its group, or managing a competing sole proprietorship or competing company of any form, excluding the Company's affiliates.
3. A member obtaining a commercial agency or equivalent, whether apparent or hidden, for another company or entity competing with the Company or its group.

Accepting Gifts

No Board member, committee member, or senior executive may accept gifts from any person who has commercial dealings with the Company if such gifts could lead to a conflict of interest.

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Appendix (4)

Policies, Standards, and Procedures for Membership in the Board of Directors

Adopted by the General Assembly on May 31, 2023

First: Policies and Standards for Board Membership:

- The candidate for Board membership must not have been previously convicted of a crime involving moral turpitude or dishonesty. Furthermore, the candidate must not be insolvent or bankrupt, nor have been rendered ineligible for Board membership pursuant to any laws or prevailing instructions in the Kingdom of Saudi Arabia.
- A Board member may not hold memberships in more than five joint-stock companies listed on the Capital Market concurrently.
- The candidate must not hold any position as a government employee.
- The candidate must possess the requisite professional proficiency, encompassing the experience, knowledge, skills, and independence necessary to execute their duties with efficiency and excellence.
- **Leadership Capacity:** The candidate shall demonstrate leadership skills that enable the effective delegation of authority, thereby motivating performance and fostering the adoption of best practices in effective management, while adhering to corporate values and professional ethics.
- **Technical Proficiency:** The candidate must possess the appropriate academic qualifications, professional skills, and personal attributes, complemented by a high level of training and practical experience relevant to the Company's current and future activities—or in the fields of management, economics, accounting, law, or governance—alongside a demonstrated commitment to continuous learning and professional development.

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3688 Khurais Branch Road – Al Rawda Dist.
Riyadh, Saudi Arabia
Short Address: RFRA3688
CR: 1010742274
Phone Number: +966 56 585 5221

شركة ترجمان الرقمية للترجمة
٣٦٨٨ طريق خريص الفرعي - حي الروضة
الرياض، المملكة العربية السعودية
العنوان المختصر: RFRA3688
السجل التجاري: ١٠١٠٧٤٢٢٧٤
تليفون: +٩٦٦٥٦٥٨٥٥٢٢١

- **Guidance and Strategic Insight:** The candidate shall possess technical, leadership, and administrative capabilities, coupled with decisiveness in decision-making and an aptitude for grasping technical operational requirements. They must be capable of providing strategic direction, long-term planning, and a clear future vision.
- **Financial Literacy:** The candidate must possess financial acumen, enabling them to accurately read and interpret financial statements and reports.
- **Physical Fitness:** The candidate must be free of any health impediments that might hinder the performance of their duties and responsibilities, possessing the personal and professional stamina required to fulfill their mandate effectively.
- The candidate shall demonstrate the ability for effective communication and strategic reasoning.
- The candidate for Board membership shall commit to the principles of integrity, honesty, loyalty, and care, prioritizing the interests of the Company and its shareholders over personal interests. This mandate requires the Board member to maintain a bona fide professional relationship with the Company, which includes disclosing any material information prior to the execution of any transaction or contract with the Company or its affiliates. Furthermore, the candidate must avoid transactions involving conflicts of interest, ensuring the arm's length fairness of all dealings while strictly adhering to the conflict-of-interest provisions set forth in the Corporate Governance Regulations. The candidate is also bound to discharge all duties and responsibilities stipulated in the Companies Law, the Capital Market Law, the Company's Bylaws, and all other relevant statutory frameworks.
- Due consideration shall be given to diversity in academic backgrounds and practical experience, with priority in nomination granted to candidates possessing the specific skills required to meet the Board's strategic needs.
- The number of independent directors shall not be less than two members or one-third of the Board, whichever is greater.

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- An independent director must enjoy complete autonomy in their position and decision-making; none of the issues affecting independence stipulated in Article Twenty of the Corporate Governance Regulations shall apply to them.
- A Board member shall represent all shareholders and shall commit to what serves the interests of the Company in general, rather than what serves the interests of the group the member represents or that voted for their appointment to the Board.
- Board membership shall terminate upon the member's resignation or death, or by removal pursuant to a resolution issued by the General Assembly. Membership shall also terminate if the member is convicted of a crime involving moral turpitude or dishonesty, is declared bankrupt or insolvent, or is otherwise rendered ineligible for Board membership in accordance with any laws, regulations, or instructions prevailing in the Kingdom.
- A Board member must resign prior to the expiration of their term should they lose their legal capacity to serve, become incapacitated, or find themselves unable to dedicate the requisite time and effort to fulfill their Board responsibilities. In the event of a conflict of interest, the member is granted the option to either obtain an annually renewable authorization from the General Assembly or tender their resignation.

Second: Procedures for Board Membership

- The Remuneration and Nomination Committee shall coordinate with the Company's Executive Management to announce the opening of nominations for Board membership, in compliance with the Companies Law, the Corporate Governance Regulations, and the instructions issued by the Capital Market Authority (CMA).
- Every shareholder is entitled to nominate themselves, or one or more other persons, for Board membership, within the limits of their ownership percentage in the Company's capital.

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- Any person wishing to stand for election to the Board must formally notify the Company's Management of their intent within the timeframes and deadlines stipulated by applicable laws, regulations, circulars, and resolutions. This notification must include a comprehensive profile of the candidate, encompassing their curriculum vitae, academic qualifications, and professional experience, in addition to completing any requisite forms prescribed by the Capital Market Authority.
- Candidates seeking Board membership are obligated to disclose to both the Board and the General Assembly any potential conflicts of interest, which include:
 - Having a direct or indirect interest in the business or contracts executed for the Company's account.
 - Engagement in any business that may compete with the Company, or competition in any of the specific business sectors in which the Company operates.
- Candidates who have previously served on the board of directors of any joint-stock company must provide a statement detailing the number of such boards and the dates of their respective tenures.
- A candidate who has previously served on the Company's Board must append to their nomination notice a statement issued by the Company's management regarding their most recent term, encompassing the following data:
 - The total number of Board meetings held during each year of the term.
 - The number of meetings attended by the member in person and their attendance percentage relative to the total number of meetings.
 - The standing committees in which the member participated, the number of meetings held by each committee per year, the number of meetings attended, and the attendance percentage relative to the total meetings.
- The status of the membership must be clearly specified—indicating whether the member is an executive, non-executive, or independent director.

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- The nature of the membership must be clarified, specifically whether the member is running in their personal capacity or as a representative of a legal entity.
- The Remuneration and Nomination Committee, in coordination with the Executive Management, shall provide the Capital Market Authority (CMA) with the curriculum vitae of the candidates, submitted in accordance with the prescribed "CV Form for Candidates for Membership of the Board of Directors of a Joint-Stock Company Listed on the Saudi Exchange (Tadawul)," along with copies of the nomination notice and its attachments.
- The Remuneration and Nomination Committee is mandated to address and implement any observations or comments received from the competent authorities regarding any candidate.
- Voting at the General Assembly shall be restricted to candidates who have formally nominated themselves in strict adherence to the aforementioned policies, standards, and procedures.

Final Provisions

The provisions of this Policy shall be effective and binding upon the Company as of the date of its adoption by the General Assembly of Shareholders. The content of this Policy shall be reviewed as necessary based on the recommendations of the Board of Directors and the Remuneration and Nomination Committee, provided that any such amendments are presented to the General Assembly of Shareholders for ratification at its earliest convening.

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