



**Nama Chemicals Company**  
**(Saudi Public Joint-Stock Company)**

**Dividend / Distribution of Profits Policy**

**Document Control**

<b>Document Information</b>	
<b>Custodian / Archivist:</b>	<b>Secretary of the Board of Directors</b>
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**Article 1: Preamble:**

Pursuant to Clause (B) of Article (9) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, under Resolution No. (8-16-2017), dated 16/05/1438 AH, corresponding 13/02/2017 AD, based on Companies Law issued by Royal Decree No. M/3, dated 28/01/1437 AH, amended by the Resolution of Board of the Capital Market Authority No. 3-57-2019, dated 15/09/1440 AH, corresponding 20/05/2019 AD, and the Company's Corporate Governance Guide, "Dividend / Distribution of Profits Policy" has been prepared, where it details, and in a manner that does not conflict with the company's articles of association, and the financial market system and its regulations, how to distribute profits to the company's shareholders registered in the shareholders' register at the end of the day specified for maturity.

**Article Two: Definitions:**

The following words and expressions shall have the meanings shown in front of them, unless the context requires otherwise:

**Policy:** Dividend / Distribution of Profits Policy.

**Company:** Nama Chemicals Company.

**"Board of Directors" or "the Board":** Board of Directors of Nama Chemicals Company

**Member:** A member of the Board of Directors appointed by the general assembly of the company in accordance with the provisions of its articles of association, whether he is independent or not independent, executive or non-executive. This definition applies to include the alternate member appointed to succeed a former member to complete his tenure.

**Governance Regulations:** The Corporate Governance Regulations issued by the Board of the Capital Market Authority.

**Companies Law:** The Companies Law issued by Royal Decree No. (M / 3) dated 28/01/1437 AH.

**Authority:** Capital Market Authority

**Stakeholders:** Every person who has an interest in the company, such as employees, creditors, customers, suppliers, and society.

**Benefits:** Amounts, allowances, earnings and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of reasonable actual expenses and costs incurred by the company on behalf of a member of the board of directors for the purpose of performing his work.

**Preferred shares:** a class of shares issued to the extraordinary general assembly of the company in accordance with the provisions of Islamic Sharia and in accordance with the principles set by the competent authority. It does not give its owners the right to vote in the general assemblies of shareholders. These shares entitle their owners to receive a percentage more than the ordinary shares holders of the company's net profits after setting aside the statutory reserve.

**Regulatory Controls and Procedures:** Regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies, issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-127-2016) dated 16/01/1434 AH, corresponding 17/10/2016 AD based on the Companies Law issued by Royal Decree

No. M/3 dated 28/01/1437 AH, amended by Capital Market Authority Board Resolution No. 3-57-2019, dated 15/09/1440 AH, corresponding 20/05/2019 AD.

**Article Three: Objectives:**

Based on the shareholder's right to obtain his share of the net profits that are decided to be distributed in cash or by issuing shares, this policy aims to set clear and specific criteria for the distribution of profits to the shareholders of Nama Chemical Company in a manner that does not conflict with the company's articles of association, Companies Law, regulatory controls and procedures and any other applicable regulations.

**Article Four: Dividend / Distribution of Profits Policy:**

The company's annual net profits are distributed as follows:

1. (10%) at least of the net profits shall be retained (spared) for formation of a statutory reserve. However, the Shareholders' General Assembly may cease the sparing of this reserve when amounted to (30%) of the Company's paid capital.
2. The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned Assembly may also deduct sums from the net profits to establish social institutions for the company's employees or to assist existing institutions.
3. The Ordinary General Assembly may decide to distribute, from the rest, to the shareholders, a percentage representing (5%) of the company's paid-up capital.
4. The Ordinary General Assembly, after observing the provisions stipulated in Article (20) of the articles of association regarding the remuneration of the Board of Directors and Article (76) Seventy-Six of the Companies Law, may allocate (10%) of the remainder to the remuneration of the Board of Directors. The entitlement to this reward is proportional to the number of sessions attended by the member.

**Article Five: Entitlement to Profits:**

The shareholder is entitled to his share of the profits in accordance with the matter or the decision of the board of directors to distribute interim dividends. The decision indicates the maturity date and the date of distribution. The eligibility for profits is to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement. The Board of Directors shall implement the decision of the General Assembly regarding the distribution of dividends to shareholders in accordance with what is stipulated in the regulations and regulatory procedures issued by the Board of the Authority in implementation of the Companies Law for Listed Joint Stock Companies and in accordance with the controls set by the Capital Market Authority in this regard from time to time.

**Article Six: Distribution Date:**

The Board of Directors must implement the decision of the General Assembly regarding the distribution of profits to registered shareholders within 15 days from the date of entitlement of these profits specified in the decision of the General Assembly, or in the decision of the Board of Directors ordering the distribution of interim dividends.

**Article Seven:**

The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, after fulfilling the following requirements:

1. The Ordinary General Assembly authorizes the Board of Directors to distribute interim dividends according to a resolution that is renewed annually.
2. The company should be of good and regular profitability.
3. That it has reasonable liquidity and can reasonably expect the level of its profits.
4. That the company has distributable profits in accordance with the latest audited financial statements, sufficient to cover the profits proposed to be distributed, after deducting what has been distributed and capitalized from those profits after the date of these financial statements.

**Article Eight: Disclosing Dividends:**

The Board of Directors shall include in its annual report submitted to the Company's General Assembly the percentage of profits distributed to shareholders during the different periods of the financial year, in addition to the percentage of profits proposed to be distributed at the end of the fiscal year and the total of these profits.

**Article Nine: Profit Entry / Recording:**

- A. The distribution of profits is recorded on the account of the accumulated retained earnings from previous years or the agreed reserves or both, and the company must take into account the sequence and regularity in the manner and proportions of the distribution of profits according to the capabilities and liquidity available with the company, and the board of directors must disclose and announce the regular periodic profit rates that are decided to be distributed to the shareholders on time.
- B. When deciding to distribute interim dividends, the company is obligated to disclose and announce that immediately and to provide the Authority with a copy of it as soon as it is issued.

**Article Ten: Reviewing Policy:**

This policy is subject to periodic review with the aim of developing and updating it in line with the relevant laws and regulations and in accordance with what the Board deems appropriate, and no amendment may be made to it without a recommendation from the Board of Directors.

**Article Eleven: Enforceability and Publication:**

This policy (and any subsequent amendments to it) shall enter into force from the date it is adopted and approved by the Board of Directors. This policy shall be published on the company's website to enable shareholders, employees, stakeholders and the public to view it and in accordance with any legal requirements imposed by the competent and concerned authorities.