

# **Bylaws**

**(Saudi Joint Stock Listed Company)**

## **Chapter 1: Establishing the Company**

### **Article 1: Establishment**

It shall be established in accordance with the provisions of the Companies Law issued by Royal Decree No. (M132/) dated 12/1/1443 and its implementing regulations, and this law is a Saudi joint stock company according to the following:

### **Article 2: Company Name**

National Environmental Recycling Co. (Joint Stock Listed Company)

### **Article 3: Company Headquarters**

The company headquarter is located in the city of Riyadh, and branches may be established inside or outside the Kingdom by a decision of the Board of Directors.

### **Article 4: Objective Of The Company**

The company shall practice and implement the following purposes:

1. Manufacturing industries and their branches according to industrial licenses.
2. Construction and building.
3. Transportation, storage and refrigeration.
4. Social, collective and personal services.
5. Trade.
6. Projects necessary to provide the company with its requirements of raw materials.
7. Marketing, selling and distributing industrial products inside and outside the Kingdom.  
In order to achieve its purpose, the company may carry out, for its own account or for the account of others, all industrial, financial and commercial activities of any kind, whether related to real estate or movable property.
8. Managing its subsidiaries or participating in the management of other companies, and providing the necessary support for them.
9. Water supplies, sewage activities, waste management and treatment, separation and sorting of waste, scrap metal and types of metals for use as raw materials.

The company exercises its purposes in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

### **Article 5: Participation and Ownership in Companies**

The company may alone establish limited liability companies, closed joint-stock companies or simplified joint-stock companies. It may also own shares and stakes in other existing companies and merge with them, It has the right to participate with others in establishing companies after

fulfilling the requirements of the applicable regulations and instructions in this regard. The company may also dispose of these shares or stakes, provided that this does not include mediation in their trading.

#### **Article 6: Company Term**

The term of the company is (99) years starting from the date of its registration in the commercial register, and this term may be extended by a decision issued by the Extraordinary General Assembly at least one year before the expiry of its term.

### **Chapter 2: Capital and Shares**

#### **Article 7: Capital**

The capital of the company has been set at one hundred and sixteen million and one hundred and sixty thousand Saudi Riyals (116,160,000) riyals, divided into one hundred and sixteen million and one hundred and sixty thousand (116,160,000) nominal shares of equal value, each of which is worth (1) Saudi Riyal, and all of them are ordinary shares in exchange for cash shares.

#### **Article 8: Subscription to Shares**

The shareholders subscribed to all the company's shares amounting to one hundred and sixteen million, one hundred and sixty thousand (116,160,000) shares, with a value of one hundred and sixteen million, one hundred and sixty thousand (116,160,000) Saudi Riyals. The shareholders acknowledge that the shares have been distributed among them and that the company's capital has been fully paid.

#### **Article 9: Issuance of Shares**

All shares shall be nominal, and shares may not be issued at less than their nominal value. They may be issued at a higher value, in which case the difference in value shall be placed in a separate item within the shareholders' rights, Shares are indivisible against the company, If a share is owned by multiple persons, they must choose one of them to represent them in exercising the rights related to it, and these persons shall be jointly liable for the obligations arising from the ownership of the share.

#### **Article 10: Trading in shares**

Shares subscribed by founders may not be traded except after publishing the financial statements for two fiscal years, each of which is not less than twelve months from the date of establishment of the company. The certificates of these shares shall be marked with an indication of their type, the date of establishment of the company, and the period during which trading is prohibited. However, during the prohibition period, ownership of shares may be transferred in accordance with the provisions of the sale of rights from one of the founders to another founder or from the

heirs of one of the founders in the event of his death to a third party or in the event of execution on the assets of the insolvent or bankrupt founder, provided that priority of ownership of those shares shall be given to the other founders, The provisions of this article shall apply to what the founders subscribe to in the event of an increase in capital before the expiry of the prohibition period.

#### **Article 11: Selling Shares That Have Not Been Paid in Full**

1. The shareholder shall be obligated to pay the remaining value of the share on the dates specified for that, and if he fails to pay on the specified date, the Board of Directors may - after notifying him by publishing on the electronic portal for shareholders or notifying him by registered letter or by any means of modern technology - sell the share at a public auction or the financial market, as the case may be.
2. The company shall collect the amounts due to it from the proceeds of the sale and return the remainder to the shareholder. If the proceeds of the sale are not sufficient to cover these amounts, the company may collect the remainder from all the shareholder's funds.
3. The enforcement of the rights related to the shares whose value has been defaulted upon the expiry of the specified date shall be suspended until they are sold or the amount due therefrom is paid in accordance with the provisions of paragraph (1) of this article, and shall include the right to obtain a share of the net profits that are decided to be distributed and the right to attend assemblies and vote on their decisions. However, the shareholder who is defaulting on payment until the day of sale may pay the value due from him in addition to the expenses incurred by the company in this regard, in which case the shareholder shall have the right to request obtaining the profits that are decided to be distributed.
4. The company shall cancel the certificate of the sold share in accordance with the provisions of this article, and shall give the buyer a new certificate of the share bearing the same number, and shall indicate in the shareholders' register that the sale has taken place, with the necessary data for the new owner included.

#### **Article 12: Capital Increase**

1. The issued capital may be increased by a decision of the company's board of directors within the limits of the authorized capital, provided that the issued capital has been paid in full.
2. The extraordinary general assembly may decide to increase the company's issued or authorized capital - if any - provided that the issued capital has been paid in full. It is not required that the capital has been paid in full if the unpaid portion thereof is due to

shares issued in exchange for converting debt instruments or financing instruments into shares and the period set for their conversion has not yet expired.

3. The extraordinary general assembly may, in all cases, allocate the shares issued upon increasing the capital or part thereof to the employees of the company and the subsidiaries or some of them. Shareholders may not exercise the right of priority when the company issues the shares allocated to the employees.
4. In all cases, the nominal value of the increase shares must be equal to the nominal value of the original shares of the same type or category.
5. The shareholder who owns the share - at the time of the issuance of the decision of the Extraordinary General Assembly to approve the increase of the issued capital or the decision of the Board of Directors to approve its increase within the limits of the authorized capital - has priority in subscribing to the new shares issued in exchange for cash shares, and he shall be notified of his priority - if any - by registered letter to his address listed in the shareholders' register, or through modern technology means, and of the decision to increase the capital and the conditions and manner of subscription and its start and end dates, taking into account the type and category of the share he owns.
6. The Extraordinary General Assembly has the right to suspend the priority right of shareholders to subscribe to the increase of capital in exchange for cash shares or grant the priority right to non-shareholders in cases it deems to be in the interest of the company.
7. The shareholder in the company may sell or waive the priority right for a material consideration or without consideration in accordance with what is determined by the executive regulations of the Companies Law.
8. The new shares shall be distributed to the holders of priority rights who requested to subscribe in proportion to their priority rights from the total of these rights resulting from the increase in capital, provided that what they obtain does not exceed what they requested from the new shares and taking into account the type and category of the share they own. The remaining new shares shall be distributed to the holders of priority rights who requested more than their share in proportion to their priority rights from the total of these rights resulting from the increase in capital, provided that what they obtain does not exceed what they requested from the new shares. The remaining shares shall be offered to others, unless the Extraordinary General Assembly decides or the Capital Market Law stipulates otherwise.

### **Article 13: Reducing Capital**

1. The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's needs or if the company incurs losses. In the latter case alone, the capital may be reduced to below the limit stipulated in Article (Fifty-Nine) of the Companies Law. The reduction decision shall not be issued except after reading a statement, in a general assembly prepared by the Board of Directors, on the reasons for the reduction, the company's obligations, and the effect of the reduction on fulfilling them, provided that a report from the company's auditors is attached to this statement.
2. If the capital reduction is due to its excess over the company's needs, creditors must be invited to express their objections - if any - to the reduction at least (forty-five) days before the date set for holding the extraordinary general assembly meeting to take the reduction decision, provided that the invitation is accompanied by a statement clarifying the amount of capital before and after the reduction, the date of the meeting and the date of the reduction's effectiveness. If any of the creditor's objects to the reduction and submits their documents to the company on the aforementioned date, the company must pay their debt if it is due or provide them with sufficient guarantee to pay it if it is deferred.
3. Equality must be observed among shareholders holding shares of the same type and category when reducing the capital.

### **Article 14: Purchase, Pledge and Mortgage of Shares**

1. Subject to the controls specified by the Executive Regulations of the Companies Law, the company may purchase or mortgage its shares in accordance with the controls set by the competent authority, The shares purchased by the company shall not have votes in shareholders' meetings, The company may purchase its shares for the purpose of allocating them to its employees within the employee shares program, The company may sell treasury shares in one or more stages in accordance with the controls set by the competent authority.
2. Subject to the controls specified by the Executive Regulations of the Companies Law, shares may be mortgaged, and the mortgagee may collect profits and exercise the rights related to the share, unless otherwise agreed upon in the mortgage contract. The mortgagee may not attend or vote in shareholders' meetings.

## Chapter 3: Board of Directors

### **Article 15: Company Management**

The company shall be managed by a Board of Directors consisting of six 6 members, who shall be natural persons elected by the ordinary general assembly of shareholders for a period not exceeding four years.

### **Article 16: Termination or expiration of Board Membership**

Board membership shall expire upon the expiration of its term or upon the expiration of the member's validity thereof in accordance with any applicable system or instructions in the Kingdom. The General Assembly may (based on a recommendation from the Board of Directors) terminate the membership of any member who has been absent from attending (three) consecutive meetings or (five) separate meetings during his term of membership without a legitimate excuse accepted by the Board of Directors. However, the Ordinary General Assembly may dismiss all or some of the members of the Board of Directors. In this case, the Ordinary General Assembly shall elect a new Board of Directors or a replacement for the dismissed member (as the case may be) in accordance with the provisions of the Companies Law.

### **Article 17: Termination of the Board of Directors' term, the retirement of its members, or the vacancy of membership**

1. The Board of Directors shall, before the expiration of its term, call the Ordinary General Assembly to convene to elect a Board of Directors for a new term. If the election cannot be held and the term of the current Board of Directors has expired, its members shall continue to perform their duties until a Board of Directors is elected for a new term, provided that the term of the members of the Board whose term has expired does not exceed the term specified in the Executive Regulations of the Companies Law.
2. If the Chairman and members of the Board of Directors resign, they must call for the Ordinary General Assembly to convene to elect a new Board of Directors. The resignation shall not take effect until (except) when the new Board is elected, provided that the duration of the resigned Board does not exceed the period specified in the Executive Regulations of the Companies Law.
3. A member of the Board of Directors may resign from the Board membership by written notification addressed to the Chairman of the Board. If the Chairman of the Board resigns, the notification must be addressed to the remaining members of the Board and the Secretary of the Board. The resignation shall be effective - in both cases - from the date specified in the notification.

4. If the position of a member of the Board of Directors becomes vacant due to the death or resignation of any of its members, and this vacancy does not result in a breach of the conditions necessary for the validity of the Board's convening due to the number of its members being less than the minimum, the Board may appoint (temporarily) to the vacant position someone who has the experience and competence, provided that the Commercial Registry is notified of this, as well as the Capital Market Authority if the company is listed on the financial market, within (fifteen) days from the date of appointment, and that the appointment is presented to the Ordinary General Assembly at its first meeting, and the appointed member shall complete the term of his predecessor.
5. If the necessary conditions for the validity of the Board of Directors' meeting are not met due to the number of its members falling below the minimum stipulated in the Companies Law or in this Law, the remaining members must call for the Ordinary General Assembly to convene within (sixty) days to elect the necessary number of members.

#### **Article 18: Powers of the Board**

Taking into account the powers assigned to the General Assembly, the Board of Directors shall have the broadest powers in managing the company in a manner that achieves its purposes and shall:

1. Manage the company and conduct its affairs inside and outside the Kingdom, supervise all its business, funds and all its transactions, provide insurance coverage for its manager or member of its Board of Directors during his term of office or membership against any liability or claim arising due to his capacity, sign on behalf of the company and represent it in its relations with third parties, governmental and private bodies and authorities, civil rights, police departments, chambers of commerce and industry, private bodies, companies and institutions of all kinds, enter into tenders, collect and pay, and collect what is obtained from implementation.
2. The Board has the right to sign all types of contracts, documents and papers, including, for example: contracts for establishing companies in which the company participates, amending their terms, signing appendices to amend them, selling shares and stocks, collecting the price, purchasing shares and stocks, paying the price, accepting them and relinquishing them, signing decisions of partners in companies in which it participates, decisions regarding the appointment of the manager, requesting the issuance of commercial records and their cancellation, opening branches of the company, signing all necessary contracts, documents and papers with all their amendments and appendices,

and amendment decisions, including decisions to increase and decrease capital, relinquish shares and liquidation, signing agreements, loans, guarantees, guarantees and legal instruments on behalf of the company, receiving, delivering, leasing, investing, leasing, collecting, paying, selling, purchasing, vacating, conciliation contracts, settlements, releases and acquittals, and all legal and regulatory procedures necessary for that, opening accounts, credits, withdrawals and deposits with banks, issuing bank guarantees for banks, funds and government financing institutions, signing all papers, documents, checks and all banking transactions.

3. The right to represent the company before police departments, civil rights departments of all types and degrees, chambers of commerce, labor and workers' offices, to issue evidence of fortification, submit data, hear witnesses, challenge and amend, request and reject oaths, submit regulations and memoranda, receive and deliver, accept and object to rulings, seize and execute, and obtain building and restoration permits from the competent authorities. They may appoint lawyers, legal advisors and legal agents, and those they delegate have the right to delegate others.
4. The Council also has the right to appoint employees and workers, determine their powers, dismiss them, request visas, bring in workers from outside the Kingdom, contract with them, determine their salaries, obtain residencies, transfer sponsorships and waive them.
5. The Board shall, in all its cases, dispose of the Company's assets, properties and real estate by leasing, selling, buying and accepting it. The Board shall have the authority to sell and vacate the properties to the buyer and receive the price, buy and accept the vacancy and pay the price, merge the deeds – division and sorting – receive the deeds – waive the shortage in the area – convert agricultural lands to residential lands, amend the boundaries, lengths, area, plot numbers, plans, deeds and their dates, and names of the neighborhoods, leasing – signing rental contracts – renewing rental contracts – receiving the rent, paying the price of the properties purchased in the name of the Company, mortgaging and releasing the mortgage, offering to sell and transferring any of the Company's properties and real estate to any other party, collecting the price for the properties and real estate of the Company sold to any other party, and delivering to the buyer those properties and real estate of the Company sold. Regarding the sale of the company's real estate, the minutes of the Board of Directors and the reasons for its decision to act must be included, taking into account that the Board specifies in the sale decision the reasons and justifications for it, that the sale be close to the fair price, that the sale be present except in cases approved by the Board and with sufficient guarantees,



and that such action should not result in the suspension of some of the company's activities or burden it with other obligations. The Board of Directors must obtain the approval of the General Assembly when selling assets whose value exceeds (fifty percent) of the value of its total assets, whether the sale is made through one transaction or several transactions. In this case, the transaction that leads to exceeding (fifty percent) of the value of the assets is considered the transaction that requires the approval of the General Assembly, and this percentage is calculated from the date of the first transaction made during the previous (twelve) months.

6. The Board of Directors may also conclude loans with government financing funds and institutions, regardless of their duration, and it may conclude commercial loans whose terms do not exceed the end of the company's term, provided that the Board of Directors determines in its decision the uses of the loan and how to repay it.

7. The Board of Directors may, in cases it deems appropriate, discharge the company's debtors from their obligations in accordance with what serves its interests, provided that the minutes of the Board of Directors and the grounds for its decision include consideration of the following conditions:

-The discharge shall be after one full year has passed since the debt arose.

-The discharge shall not exceed 3 debtors per year and for a specified maximum amount of 100,000 Saudi Riyals per debtor.

-The discharge is a right of the Board that may not be delegated.

8. Accept donations, even if they are from a member of the Board of Directors or shareholders, and sign them and empty them at the notary public in favor of the company.

9. Approve participation in existing companies or participation in establishing a new company and sign its articles of association, incorporation contracts and amendments thereto, and they may authorize whomever they deem to prove this before the notary public and sign it before the notary public and all governmental and civil authorities.

The Board of Directors may delegate or authorize, within the limits of its jurisdiction, one or more of its members or third parties with powers or to take a specific action or conduct or to perform a specific work or works and to cancel the delegation or authorization in part or in whole.

#### **Article 19: Board Members' Remuneration**

1. The Board of Directors' remuneration shall consist of a specific amount, or an allowance for attending meetings, or in-kind benefits, or a specific percentage of net profits within the limits of what is stipulated in the Companies Law and its Executive Regulations.

2. The Board of Directors' report to the Ordinary General Assembly at its annual meeting shall include a comprehensive statement of all the bonuses, meeting attendance allowances, expenses allowances and other benefits that each member of the Board of Directors has received or is entitled to receive during the fiscal year. It shall also include a statement of what the members of the Board have received as employees or administrators or what they have received in return for technical, administrative or consulting work, and a statement of the number of Board sessions and the number of sessions attended by each member.

**Article 20: Powers of the Chairman, Vice Chairman, Managing Director and Secretary**

1. The Board of Directors shall appoint a Chairman of the Board from among its members at its first meeting, and it may appoint a Managing Director from among its members. The Board of Directors shall appoint a Vice Chairman from among its members at its first meeting.
2. The Board of Directors shall appoint a Chief Executive Officer from among its members or from others.

The Chairman of the Board shall be responsible for:

The Chairman of the Board shall have the authority to call the Board of Directors to meet, chair its meetings, represent the company before the judiciary, appear before Sharia courts, judicial bodies, the Board of Grievances, notaries public, arbitration bodies, higher and primary committees, commercial papers committees and all other judicial committees, collect, pay, acknowledge, claim, defend, plead, dispute, settle, accept and deny judgments, arbitrate on behalf of the company, request the implementation of judgments and oppose them, and collect what is obtained from the implementation. The Chairman of the Board and the Managing Director shall also have the authority, jointly or individually, to represent the company in its relations with third parties, governmental and private entities, companies and institutions of all kinds. Each of them has the right to sign all types of contracts, documents and papers, including but not limited to the articles of association and bylaws of the companies in which the company participates or contributes, the partners' decisions and amendment annexes before the notary public, including the sale and purchase of shares and stakes, the assignment, the increase and decrease of capital, the appointment and dismissal of managers, workers and employees in the company or in the companies in which the company participates, and the determination of their wages and bonuses, the amendment of the management clause, the entry and exit of partners, the entry into existing companies, the establishment of new companies, the purchase and sale of shares and stocks, the payment and collection of the price, the subscription in new joint-stock and closed companies, the sale of shares and stocks, the receipt of the value and profits, the

assignment by sale of shares and stocks in the companies in which the company participates or contributes, the transfer of shares, stocks and bonds, the registration of companies, agencies and trademarks and the assignment of trademarks, the opening of files for the company, the opening and closing of branches for the company, the liquidation of companies, the extraction and renewal of commercial records, the participation in and renewal of chambers of commerce and industry, the approval of signatures therein, the extraction and renewal of licenses for the company, the conversion of the company's branches into companies and the representation of the company before the General Authority. To invest, review and sign the necessary documents, represent the company before the Capital Market Authority, sign the necessary documents, enter into competitions, receive forms, sign all contracts related to the company with others, rent and lease, sign and renew rental contracts, receive rent, receive and deliver, review all relevant parties, complete all necessary procedures and sign what is required. They also have the right to deal with all banks and public banks inside or outside the Kingdom with regard to the company and sister companies in concluding all banking and financing agreements and transactions, opening and managing accounts and transactions, withdrawing from accounts, depositing and transferring from accounts, opening and managing accounts and electronic transactions, extracting an account statement, extracting checkbooks, issuing certified checks, signing checks, issuing promissory notes and bills of exchange and any other commercial or financial papers approved by the regulations in force in the Kingdom, receiving and disbursing transfers, subscribing to safe deposit boxes, renewing subscription to safe deposit boxes, redeeming safe deposit box units, issuing facilities, guarantees and warranties for the company or to guarantee facilities that may be granted to individuals or individual institutions or Local or foreign companies, banks and banks inside and outside the Kingdom, and the resulting loans and facilities such as real estate mortgages, promissory notes, stock certificates and other tangible or cash guarantees, and signing Islamic Murabaha and Islamic Tawarruq agreements and other Islamic products provided by banks to any party, and requesting loans, banking facilities, credits, guarantees and sureties without limits on the period or value and in accordance with the provisions of Sharia, and requesting exemption from loans, and it has the right to provide financial support to any of the companies in which the company participates, as well as affiliated or sister companies, and to guarantee the credit facilities obtained by any of the companies in which the company participates, and it has the right to employ the company's funds and invest them in any way, activate accounts, close and settle accounts, cash checks, object to checks, receive returned checks, update data and subscriptions in joint-stock companies, buy and sell legitimate shares, receive certificates of contributions, receive the value of shares, receive profits, receive surplus, open investment portfolios with Sharia controls, issue, amend and cancel orders,

recover investment fund units, divide shares among heirs and transfer them to their portfolios, and subscribe to shares And buying shares, selling shares, transferring shares from the portfolio, employing and investing the company's funds in any way, selling and buying Saudi and non-Saudi shares, bonds and securities, establishing companies and investment funds inside and outside the Kingdom, and discharging the company's debtors from their obligations and debts. They also have the right to conclude loans with government banks and government financing funds and institutions (for example, but not limited to, the Industrial Development Fund, the Saudi Export-Import Bank, etc.) regardless of their duration, and they have the right to conclude commercial loans whose terms do not exceed the end of the company's term, provided that the Board of Directors determines in its decision the uses of the loan and how to repay it.

The Managing Director shall have the powers determined by the Board of Directors, and shall implement the instructions given to him by the Board of Directors, and shall also conduct the daily business of the company.

The Board of Directors shall determine their remuneration in addition to the remuneration of the Board members. The Board of Directors shall appoint a Secretary chosen from among its members or from others, who shall be responsible for recording the minutes of the Board of Directors and supervising the implementation of its decisions. The Board of Directors shall determine his remuneration. The term of the Chairman of the Board, his Deputy, the Managing Director and the Secretary shall not exceed the term of membership of each of them on the Board. They may be re-elected, and the Board may at any time dismiss them or any of them without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an unlawful reason or at an inappropriate time.

The term of the Chairman of the Board, his Deputy, the Managing Director and the Secretary of the Board of Directors shall not exceed the term of membership of each of them on the Board. The Board of Directors may exempt the Chairman of the Board, his Deputy, the Managing Director, the Chief Executive Officer, the Secretary, or any of them, from these positions, and this shall not result in their exemption from their membership on the Board of Directors.

The Board of Directors shall appoint a Secretary chosen from among its members or others, and the Chairman of the Board of Directors may delegate (by written decision) some of his powers to other members of the Board or others to carry out a specific task or tasks. The Vice Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence in cases where the Board of Directors has a Vice Chairman.

#### **Article 21: Board Meetings**

1. The Board of Directors shall meet (at least) four times a year upon invitation from its Chairman, and the invitation shall be by registered letters or through one of the modern

technology means. The Chairman of the Board shall invite the Board to meet whenever any member of the Board requests him to do so in writing to discuss one or more topics.

2. The Board of Directors shall determine the place where its meetings shall be held, and they may be held using modern technology means.

#### **Article 22: Board Meetings and Decisions**

1. The Board meeting shall not be valid unless attended by at least three members, in person or by proxy. A Board member may delegate another member to attend Board meetings in accordance with the following controls:

-A Board member may not delegate more than one member to attend the same meeting.

-The delegation shall be confirmed in writing regarding a specific meeting.

-The deputy may not vote on decisions that the system prohibits the delegate from voting on.

2. The Board of Directors' decisions shall be issued by an absolute majority of the votes of the members present, in person or by proxy at least, and in the event of a tie, the side with which the Chairman of the meeting voted shall prevail.
3. The Board of Directors' decision shall be effective from the date of its issuance, unless it stipulates that it shall be effective at another time or upon the fulfillment of certain conditions.

#### **Article 23: Issuing Board Decisions on Urgent Matters**

The Board of Directors may issue its decisions on urgent matters by presenting them to all members by circulation, unless a member requests - in writing - a Board meeting to deliberate on them. These decisions shall be issued with the approval of the absolute majority of the Board members, and these decisions shall be presented to the Board at its first subsequent meeting to record them in the minutes of that meeting.

#### **Article 24: Board Deliberations**

1. The deliberations and decisions of the Board of Directors shall be recorded in minutes prepared by the Secretary and signed by the Chairman of the meeting, the attending Board members and the Secretary.
2. The minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.
3. Modern technology may be used to sign and record the deliberations and decisions and record the minutes.

## Chapter 4: Shareholders' Assemblies

### **Article 25: Shareholders' Assembly Meeting**

1. The General Assembly of Shareholders shall be chaired by the Chairman of the Board of Directors or his deputy in his absence, or by whomever the Board of Directors delegates from among its members in their absence. In the event that this is not possible, the General Assembly shall be chaired by whomever the shareholders delegate from among the Board members or from others by voting.
2. Each shareholder has the right to attend the General Assembly meeting, and he may delegate another person from among the members of the Board of Directors to do so. The delegation must be in a written power of attorney.
3. The General Assembly meeting may be held and the shareholder may participate in the deliberations and vote on the decisions by means of modern technology.

### **Article 26: Calling for Assemblies**

1. General and special assemblies shall be held upon invitation from the Board of Directors, in accordance with what is stipulated in the Companies Law. The Board of Directors shall call for the ordinary general assembly to convene within (thirty) days from the date of the request of the auditor or one or more shareholders representing (ten percent) of the company's shares with voting rights at least. The auditor may call for the ordinary general assembly to convene if the board does not send the invitation within (thirty) days from the date of the auditor's request.
2. The request referred to in paragraph (1) of this article must specify the issues on which the shareholders are required to vote.
3. The invitation to convene the assembly shall be sent at least (twenty-one) days before the date specified for it in accordance with the controls specified in the executive regulations of the Companies Law, taking into account the following:
  - A. Notifying shareholders by registered letters to their addresses listed in the shareholders' register, or announcing the invitation through modern technology means.
  - B. Send a copy of the invitation and agenda to the Commercial Registry, as well as a copy to the Capital Market Authority if the company is listed on the financial market on the date of announcing the invitation.
4. The invitation to the general assembly meeting must include at least the following:
  - A. A statement of the person entitled to attend the general assembly meeting and his right to delegate whomever he chooses from among the members of the Board of Directors, and a

statement of the shareholder's right to discuss the topics included in the general assembly's agenda and ask questions and how to exercise the right to vote.

B. The place, date and time of the meeting.

C. The type of the assembly, whether it is a general or private assembly.

D. The meeting agenda including the items required for shareholders to vote on.

**Article 27: Quorum of the Ordinary General Assembly Meeting**

1. The Ordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least a quarter of the company's voting shares.
2. If the quorum required to hold the Ordinary General Assembly meeting is not available in accordance with paragraph (1) of this Article, an invitation shall be sent for a second meeting to be held in the same manner stipulated in Article (Ninety-One) of the Companies Law within (thirty) days following the date set for the previous meeting. However, the second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation to hold the first meeting includes information indicating the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of shares with voting rights represented therein.

**Article 28: Quorum of the Extraordinary General Assembly Meeting**

1. The Extraordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least half of the company's voting shares.
2. If the quorum required to hold an extraordinary general assembly meeting is not available in accordance with paragraph (1) of this article, an invitation shall be sent to a second meeting to be held in the same manner stipulated in Article (Ninety-One) of the Companies Law. However, the second meeting may be held one hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes information indicating the possibility of holding such a meeting. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least (a quarter) of the company's shares with voting rights.
3. If the quorum required to hold the second meeting is not available, an invitation shall be sent to a third meeting to be held in the same manner stipulated in Article (Ninety-One) of the Companies Law, and the third meeting shall be valid regardless of the number of shares with voting rights represented therein.

### **Article 29: Voting in Assemblies**

1. Each shareholder shall have one vote for each share in the general assemblies, and cumulative voting shall be used in electing members of the Board of Directors, such that the voting right for a share may not be used more than once.
2. Board members may not participate in voting on the general assembly's decisions related to businesses and contracts in which they have a direct or indirect interest or which involve a conflict of interest. Shareholders may also vote in the company's general assemblies through the electronic voting services provided by the company in coordination with the relevant authorities. Any shareholder participating through the electronic voting services shall be considered present throughout the meeting and his recommendation and attendance shall be considered.

### **Article 30: Assembly Decisions**

1. The decisions of the ordinary general assembly shall be issued with the approval of the majority of the voting rights represented in the meeting.
2. The decisions of the extraordinary general assembly shall be issued with the approval of (two-thirds) of the voting rights represented in the meeting, unless the decision is related to increasing or decreasing the capital, extending the company's term or dissolving it before the expiry of the term specified in its articles of association, or merging it with another company or dividing it into two or more companies, in which case it shall not be valid unless issued with the approval of (three-quarters) of the voting rights represented in the meeting.
3. The decision of the general assembly shall be effective from the date of its issuance, except in cases where the Companies Law or the company's articles of association, or the issued decision stipulates its validity at another time or upon the fulfillment of certain conditions.
4. The Board of Directors shall register in the commercial register the decisions of the extraordinary general assembly specified by the executive regulations of the companies law within (fifteen) days from the date of their issuance.

### **Article 31: Discussion in the assemblies**

Each shareholder has the right to discuss the topics included in the agenda of the general assembly and to direct questions regarding them to the members of the board of directors and the auditor. The board of directors or the auditor shall answer the shareholders' questions to the extent that does not harm the company's interests. If a shareholder finds that the response to his question is insufficient, he shall resort to the General Assembly, and its decision in this regard shall be enforceable.



### **Article 32: Preparing the Minutes of the General Assembly**

A minute shall be prepared at the General Assembly meeting, including the number of shareholders present in person or by proxy, the number of shares they hold in person or by proxy, the number of votes assigned to it, the decisions taken, the number of votes that approved or opposed them, and a comprehensive summary of the discussions that took place at the meeting. The minutes shall be recorded regularly after each meeting in a special register signed by the Chairman of the Assembly, its Secretary, and the vote collectors.

### **Article 33: Powers of the Ordinary General Assembly**

With the exception of matters within the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent in all matters related to the company, and shall convene at least once a year during the six months following the end of the company's fiscal year, and other ordinary general assemblies may be called whenever necessary.

### **Article 34: Powers of the Extraordinary General Assembly**

The Extraordinary General Assembly shall be competent to amend the company's articles of association, with the exception of matters that it is prohibited from amending by law. It may issue decisions on matters originally within the jurisdiction of the Ordinary General Assembly, under the same terms and conditions as those stipulated for the Ordinary General Assembly.

## **Chapter 5: Auditors**

### **Article 35: Appointment, Dismissal and Retirement of the Company's Auditor**

1. The Company shall have one (or more) auditors from among the auditors licensed in the Kingdom, who shall be appointed and whose fees, term of work and scope shall be determined by the General Assembly. He may be reappointed, provided that the term of his appointment shall not exceed the period specified in the Executive Regulations of the Companies Law.
2. The auditor may be dismissed by a decision taken by the General Assembly, and the Chairman of the Board of Directors must notify the competent authority of the dismissal decision and its reasons, within a period not exceeding (five) days from the date of issuance of the decision.
3. The auditor may resign from his duties by written notification submitted to the Company, and his duties shall end from the date of submission or at a later date specified in the notification, without prejudice to the Company's right to compensation for the damages incurred if there is a reason for it. The retiring auditor is obligated to submit to

the company and the competent authority - upon submitting the report - a statement of the reasons for his retirement, and the Board of Directors must call the General Assembly to convene to consider the reasons for the retirement and appoint another auditor and determine his fees, the duration of his work and its scope.

**Article 36: Powers of the Auditor**

The auditor may - at any time - review the company's documents, accounting records and supporting documents, and may request the data and clarifications he deems necessary to obtain to verify the company's assets and liabilities and other matters that fall within the scope of his work. The Board of Directors shall enable him to perform his duty, and if the auditor encounters difficulty in this regard, he shall record this in a report submitted to the Board of Directors. If the Board of Directors does not facilitate the work of the auditors, he shall request them to call the General Assembly to convene to consider the matter. The auditor may direct this call if the Board of Directors does not direct it within (thirty) days from the date of the auditor's request.

**Chapter 6: Company Finance and Distribution of Profits**

**Article 37: Fiscal Year**

The company's fiscal year shall be from the first of January and shall end on the 31st of December of each Gregorian year.

**Article 38: Financial Documents**

1. At the end of each fiscal year of the company, the Board of Directors shall prepare the company's financial statements and a report on its activity and financial position for the past fiscal year, and this report shall include the proposed method for distributing profits. The Board shall place these documents at the disposal of the auditor, if any, at least (forty-five) days before the date set for the annual ordinary general assembly.
2. The Chairman of the Board of Directors of the Company, its Chief Executive Officer, and its Financial Manager, if any, shall sign the documents referred to in paragraph (1) of this Article, and copies thereof shall be deposited at the Company's main office at the disposal of the shareholders.
3. The Chairman of the Board of Directors shall provide the shareholders with the Company's financial statements and the Board of Directors' report, after signing them, and the Auditor's report, if any, unless published in any modern technology means, at least (twenty-one) days before the date set for the annual ordinary general assembly. He shall also deposit these documents in accordance with what is specified in the Executive Regulations of the Companies Law.

### **Article 39: Distribution of Profits**

The Company's annual net profits shall be distributed as follows:

1. (10%) of the net profits shall be set aside to form the Company's statutory reserve, and the Ordinary General Assembly may decide to stop this setting aside when the said reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside a percentage of the net profits to form an agreed reserve to be allocated in accordance with what the Ordinary General Assembly deems to be in the company's interest.
3. The Ordinary General Assembly may decide to establish other reserves, to the extent that serves the interest of the company or ensures the distribution of fixed profits to shareholders as much as possible. The said Assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist existing institutions.
4. The Assembly shall determine the percentage of profit distribution to shareholders - based on the recommendation of the Board of Directors - after deducting reserves, if any.
5. The Company may distribute interim profits to its shareholders on a semi-annual or quarterly basis in accordance with the controls issued by the Capital Market Authority

### **Article 40: Entitlement to Profits**

The shareholder shall be entitled to his share of the profits in accordance with the General Assembly's decision issued in this regard, and the decision shall specify the due date and the distribution date. The entitlement to profits shall be for the shareholders registered in the shareholders' records at the end of the day specified for entitlement. The Board of Directors must implement the General Assembly's decision regarding the distribution of profits to shareholders.

### **Article 41: Company Losses**

If the company's losses reach half of the issued capital, the Board of Directors must disclose this and its recommendations regarding these losses within (sixty) days from the date of its knowledge that they have reached this amount, and invite the Extraordinary General Assembly to meet within (one hundred and eighty) days from the date of knowledge of this to consider the continuation of the company and take any necessary measures to address or resolve these losses.

## **Chapter 7: Disputes**

### **Article 42: Liability Suit**

1. The company may file a liability suit against the members of the Board of Directors due to violating the provisions of the Companies Law or this Articles of Association, or due to errors, negligence or failure to perform their work, which results in damages to the company. The General Assembly shall decide to file this suit and appoint someone to represent the company in conducting it. If the company is in the liquidation phase, the liquidator shall file the suit. In the event that any liquidation procedures are opened against the company in accordance with the bankruptcy law, this suit shall be filed by its legal representative.
2. One or more shareholders representing (five percent) of the company's capital may file a liability lawsuit for the company in the event that the company does not file it, provided that the main objective of filing the lawsuit is to achieve the interests of the company, that the lawsuit is based on a valid basis, and that the plaintiff is in good faith and a shareholder in the company at the time of filing the lawsuit.
3. In order to file the lawsuit referred to in paragraph (2) of this article, it is required to notify the members of the Board of Directors of the intention to file the lawsuit at least (fourteen) days before the date of filing it.
4. The shareholder may file his personal lawsuit against the members of the Board of Directors if the error committed by them is likely to cause him special harm.

## **Chapter 8: Dissolution and Liquidation of the Company**

### **Article 43: Termination of the Company**

The company shall expire for one of the reasons for termination mentioned in Article (Two Hundred and Forty-Three) of the Companies Law, and upon its expiration, it shall enter the liquidation phase in accordance with the provisions of Chapter Twelve of the Companies Law. If the company expires and its assets are insufficient to pay its debts or if it is insolvent according to the bankruptcy law, it must submit to the competent judicial authority to initiate any of the liquidation procedures pursuant to the bankruptcy law.

## **Chapter 9: Final Provisions**

### **Article 44: Final Provisions**

1. The company shall be subject to the regulations in force in the Kingdom of Saudi Arabia.
2. Any text that contradicts the provisions of the Companies Law in this Article of Association shall not be recognized and the provisions of the Companies Law shall apply to it. Anything not mentioned in this Article of Association shall be subject to the Companies Law and its Executive Regulations.

### **Article 45: Final Provisions**

This Article shall be deposited and published in accordance with the provisions of the Companies Law and its Executive Regulations.