

## Primary law

### The Saudi Arabian Refineries Company (SARCO)

#### Chapter One

##### Establishment of the company

###### Article one: incorporation of the company.

Founded by Cabinet Resolution No. 376 and dated 14/08/1380 AH, ratified by Royal Decree No. 60 and dated 14/08/1380 AH, and amended by Royal Decree No. 86 , dated 22/09/1380 AH, and in accordance with the provisions of the Companies Law and its Executive Regulations and this bylaw, is a Saudi joint stock company.

###### Article Two: The name of the company.

Saudi Arabian Refineries Company, summed up in the name of SARCO (a listed joint stock company)

###### Article Three: Objectives of the company.

- 1- Carrying out petroleum business in all its branches and all aspects of activity related to it, including purchasing, transferring, liquidating, manufacturing, selling, importing, exporting and distributing petroleum and its derivatives and products inside and outside the Kingdom of Saudi Arabia.
- 2- Implementation of water projects, land reform, utilities, and transportation. The company may carry out all commercial industrial and business projects, including importing and trading materials and equipment necessary or related to its purposes. It may carry out commercial agency work on behalf of companies and institutions that engage in an activity similar to ours.

###### Article Four: Participation and Ownership in Companies:

The company may establish companies on its own (with limited liability or closed joint stock) provided that the capital of the existing company (the Saudi Arabian Refineries Company) is not less than (5) million riyals.

It may also own shares and shares in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard. The company may also dispose of these shares or shares on This does not include brokerage in its trading.

###### Article Five: The head office of the company.

The head office of the company and its legal domicile is in the city of Jeddah, and it may be transferred to any other party within the Kingdom of Saudi Arabia in accordance with the provisions of the laws and regulations in force in the Kingdom. The Board of Directors may also establish branches, offices or agencies for it inside or outside the Kingdom of Saudi Arabia as required by the company's activity or It shall be beneficial to him by a decision of the Board of Directors, always taking into account the provisions of the laws and regulations in force.

### **Article Six: Duration of the company.**

The term of the company is forty-five Hijri years, starting from the date of its incorporation and automatically renewed for a period or other similar periods unless the extraordinary general assembly decides otherwise in a session held for this purpose before the lapse of at least one year from the end of the said period.

## **Chapter Two**

### **capital and shares**

#### **Article Seven: Capital.**

The capital of the company was set at (150.000.000) one hundred and fifty million Saudi riyals, divided into (150.000.000) fifteen million shares, the value of each share being (10) ten Saudi riyals.

#### **Article Eight: Subscription to the capital.**

Shareholders have subscribed to the entire number of the company's shares and paid their full value.

#### **Article Nine: Preferred Shares.**

The extraordinary general assembly of the company may, according to the principles set by the competent authority, issue preferred shares or decide to purchase them, convert ordinary shares into preferred shares, or convert preferred shares into ordinary ones. Preferred shares do not give the right to vote in general assemblies of shareholders, and these shares are arranged for their owners. The right to obtain a percentage more than the common stock holders of the company's net profits after setting aside the statutory reserve.

#### **Article Ten: Sale of Unpaid Shares**

The shareholder is obligated to pay the value of the share on the dates specified for this, and if he fails to pay on the due date, the Board of Directors may, after being notified by publishing in a daily newspaper or electronic publication in accordance with the requirements of the competent authorities, or notify him by registered letter to sell the share in the public auction or the stock market according to Conditions in accordance with the regulations set by the competent authority.

The company shall collect the amounts due to it from the sale proceeds and return the remainder to the shareholder. If the sale proceeds are not sufficient to meet these amounts, the company may collect the remainder from all shareholder funds.

However, the shareholder who defaulted on payment until the day of the sale may pay the value due from him in addition to the expenses incurred by the company in this regard.

The company cancels the sold share in accordance with the provisions of this article, gives the buyer a new share bearing the number of the canceled share, and indicates in the shares register that the sale took place with the name of the new owner

### **Article Eleven: Issuance of shares.**

The shares are nominal, and they may not be issued for less than their nominal value, but may be issued for a higher than this value. In this last case, the difference in value is added in a separate item within the shareholders' equity, and it may not be distributed as dividends to shareholders, and the share is indivisible against the company. Ownership of a share is multiple people who must choose one of them to represent them in the use of the rights related to it, and these people are jointly responsible for the obligations arising from the ownership of the share.

### **Article Twelve: Indivisibility of the share**

Each share is indivisible, and the company only recognizes one owner for each share, and the multiple owners of one share must delegate one on their behalf to use the rights related to the share, and these people are jointly responsible for the obligations arising from the ownership of the share. She can only notify one of her notifications.

### **Article Thirteen: Trading in Shares**

The shares subscribed by the 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 the company's incorporation. The bonds of these shares shall be marked with an indication of their type, date of incorporation of the company, and the period during which trading is prohibited.

However, during the prohibition period, the 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 third parties or in the event of execution on the funds of the insolvent or bankrupt founder, provided that the priority of owning those shares is 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 the capital before the expiry of the prohibition period.

### **Article Fourteen: Shareholders Register.**

The company's shares are traded in accordance with the provisions of the Capital Market Law.

### **Article Fifteen: Capital Increase:**

1- The Extraordinary General Assembly may decide to increase the company's capital, provided that the capital has been paid in full, and it is not required that the capital has been paid in full if the unpaid part of the capital belongs to shares issued in exchange for transferring debt instruments or financing instruments to Shares The period set for converting them into shares has not expired.

2- The Extraordinary General Assembly may, in all cases, allocate the shares issued for the capital increase, or part of it, to the employees of the company and its subsidiaries or some or any of that. The shareholders may not exercise the right of priority when the company issues the shares allocated to the employees.

3- The shareholder who owns the share at the time of the issuance of the extraordinary general assembly's decision approving the capital increase has priority in subscribing to new shares issued in exchange for cash shares, and these are informed of their priority by publishing in a daily newspaper or by informing them by

registered mail and electronic publication in accordance with the requirements of the relevant authorities about a decision Increasing the capital, terms of subscription, its duration and the date of its start and end.

4- The Extraordinary General Assembly has the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares or to give priority to non-shareholders in the cases it deems appropriate for the interest of the company.

5- The shareholder has the right to sell or relinquish the priority right during the period from the time of the issuance of the General Assembly's decision approving the capital increase until the last day of subscribing to the new shares associated with these rights, in accordance with the regulations set by the competent authority.

6- Taking into account what was mentioned in paragraph (4) above, the new shares shall be distributed to the priority rights holders who requested to subscribe, in proportion to their pre-emptive rights out of the total pre-emptive rights resulting from the capital increase, provided that what they receive does not exceed the shares they requested. The remainder of the new shares shall be distributed to the priority rights holders who requested more than their share, in proportion to their pre-emptive rights out of the total pre-emptive rights resulting from the capital increase, provided that what they receive does not exceed what they requested of the new shares, and the remaining shares are subtracted. On third parties, unless the Extraordinary General Assembly decides or the Capital Market Law provides otherwise.

#### **Article Sixteen: Capital Reduction:**

The Extraordinary General Assembly may decide to reduce the capital if it exceeds the needs of the company or if it suffers losses. In the latter case alone, the capital may be reduced below the limit stipulated in Article (fifty-fourth) of the Companies Law. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the obligations of the company, and the effect of the reduction in this commitments.

If the reduction of the capital is a result of it being more than the company's need, the creditors must be invited to express their objections to it within sixty days from the date of publishing the reduction decision in a daily newspaper distributed in the area in which the company's head office is located. If one of the creditors objects and submits his documents to the company on the aforementioned date, the company must pay him his debt if it is present or provide him with a sufficient guarantee to fulfill it if it is

#### **Article Seventeen: Shareholder's rights.**

Shares entail equal rights and obligations and prove to the shareholder all rights related to the share, in particular the right to obtain a share of the net profits to be distributed, the right to obtain a share of the company's assets upon liquidation, the right to attend shareholder assemblies, participate in its deliberations, and vote on its decisions The right to dispose of shares, the right to request access to the company's books and documents, to monitor the work of the board of directors, to file a liability claim against members of the board of directors and to challenge the resolution of shareholders' assemblies, subject to the conditions and restrictions stipulated in the system or in the company's articles of association.

#### **Article Eighteen: Shareholders' Obligations**

Ownership of the company's shares entails the shareholder's acceptance of the company's system and his commitment to the decisions issued by the general assembly in accordance with the provisions of this system, whether he is present or absent and whether he agrees or disagrees with these decisions.

### **Article Nineteen: The company's purchase and mortgage of its shares.**

1- The company may purchase or mortgage its shares in accordance with the regulations set by the competent authority, and the shares purchased by the company shall not have votes in the shareholders' assemblies.

The company may purchase its shares to allocate them to employees, taking into account the controls set by the competent authorities for the company's purchase of its shares, and after obtaining the approval of the Extraordinary General Assembly, and this assembly may authorize the Board of Directors to determine the conditions of this allocation to employees, including the allocation price for each share offered to the employees if it is in return.

2- Shares may be mortgaged according to regulations set by the competent authority, and the mortgagee creditor may receive the profits and use the rights related to the stock, unless otherwise agreed upon in the mortgage contract, but the mortgagee creditor may not attend or vote at the meetings of the general assembly of shareholders.

### **Article Twenty: Issuance of Sukuk and Bonds**

The company may issue debt instruments, negotiable financing instruments, or bonds of any kind, in accordance with Sharia regulations, the financial market system and the applicable corporate system.

## **Chapter Three**

### **Board of Directors**

#### **Article Twenty one: Company management.**

The company is managed by a board of directors consisting of eight members, who are elected by the ordinary general assembly of the company's shareholders for a period not exceeding three years.

#### **Article Twenty Two: Conditions for a Member of the Board of Directors**

In addition to what is stated in the laws and regulations in force in the Kingdom of Saudi Arabia, a member of the Board of Directors must fulfill the following:

- a- That no judgment has been passed against him that affects honor or trust.
- b- He must be fully legally competent.

Each shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors, within the limits of his ownership percentage in the capital.

#### **Article Twenty Three: Termination of Board Membership:**

- The council's term expires when its term expires or the member's term expires according to any system or instructions in force in the Kingdom.

However, the Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. A member of the Board of

Directors may resign provided that this is at an appropriate time. Otherwise, he will be liable before the company for the damages resulting from the retirement.

- If the position of a member of the Board of Directors becomes vacant, the Board may appoint a temporary member in the vacant position, provided that he is one of those who have sufficient experience and competence. The Ministry of Commerce and Investment and the Capital Market Authority must inform the Ministry of Commerce and Investment of this within five working days from the date of appointment, and that the appointment be submitted to the Assembly Ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor.

If the necessary conditions for the meeting of the Board of Directors are not met due to the lack of the number of its members below the quorum necessary for the validity of its meetings, which is (4) four members, the rest of the members must invite the ordinary general assembly to convene within sixty days to elect the necessary number of members.

#### **Article Twenty Four: Powers of the Council:**

Taking into account the competences prescribed for the General Assembly, the Board of Directors shall have the widest powers in managing the company, drawing up its policies, determining its investments, disposing of its business and funds, and all its affairs inside and outside the Kingdom of Saudi Arabia. It has the right to participate in other companies and may delegate one or more of its members or third parties to direct A specific work or works, and for this purpose he may, without limitation, do the following:

1- Representing the company in all its relations with third parties, natural or legal persons, and before all judicial authorities, general and partial courts, the Board of Grievances, judicial committees with all their competencies, notaries of justice, labor cases departments, primary and higher committees, commercial papers committees, arbitration and dispute settlement committees, and all judicial committees of whatever type and purpose. Civil rights, police departments, all executive agencies, chambers of commerce, military, security, and civil government agencies in ministries, institutions, bodies, funding funds and others with their various departments and divisions, non-governmental bodies inside and outside the Kingdom of Saudi Arabia, banks, banks, finance houses, companies and institutions of all kinds, completion of all procedures and transactions, follow-up, signature, delivery and receipt.

2- Concluding all types of contracts and agreements in the name of the company, including but not limited to contracts of purchase, sale, lease, rental, agencies, concession, hedging contracts, entering into tenders, etc., signing and accepting them, and signing contracts for the company's participation in other companies by ownership, incorporation, participation, merger or liquidation. They have the right to buy and sell shares and shares, attend meetings of boards of directors and managers, and ordinary and extraordinary general assemblies, vote on all issues and decisions, approve budgets, distribute profits, appoint boards of directors, and fully represent the company in all companies in which the company contributes inside and outside the Kingdom of Saudi Arabia.

3- Opening branches, canceling them, renewing and liquidating them, establishing companies, establishing companies with others, participating in them, signing their articles of incorporation and appendices, decisions of partners in them, concluding, dissolving, amending and liquidating their contracts, buying and selling shares and assigning them, increasing and decreasing capital before the Ministry of Commerce and Investment, the virtue of a notary public, extracting and writing off commercial records, licenses, etc. required of her.

4- Management and investment of the company's fixed and movable assets, sale, purchase, emptying, acceptance, mortgage, release of mortgage, leasing, leasing, receiving the price, delivery of the appraiser, division, sorting, consolidation, extracting proofs of settlement, adjusting limits and lengths in sukuk and merging them, and has the right to include properties and sukuk with their limits and areas, and request to modify the use

of plans and issue sukuk instead Loss, damaged replacement, receipt and delivery of sukuk for all the company's fixed and movable assets, including lands and real estate. The board must observe the following conditions when disposing of the company's assets, property and real estate:

- a- The board should specify in its decision to sell the reasons and justifications for it.
  - b- The sale should be close to the same price.
  - C- The sale should be present except in cases of necessity and with sufficient guarantees.
  - d- That such disposal shall not result in the suspension of some of the company's activities or burdening it with other obligations.
- 5- Opening all kinds of bank accounts, investment portfolios, funds, etc. Operating it and adding and removing authorized signatories to the bank.
- 6- Selling, buying, withdrawing, depositing, transferring, subscribing, trading, mortgaging and releasing the mortgage for shares and shares in companies, institutions, funds, etc., and receiving profits, surplus, and title deeds and their amendment.
- 7- Requesting and contracting loans from all governmental and non-governmental agencies, funds and financing institutions, signing guarantees in the company's name, guarantees, credits and facilities, signing their contracts, guarantees and others, receiving and paying the loans.
- A- The value of the loans that the Board may contract during the company's financial year shall not exceed 50% of the company's capital.
- b- That the Board of Directors specify in its decision the aspects of using loans and how to repay them.
- C- To take into account in the terms of the loan and the guarantees provided to it, not to harm the company, its shareholders, and the general guarantees of the creditors.
- 8- To discharge the company's debtors from their obligations thereon, and the board shall observe the following conditions when releasing the company's debtors:
- (a) The release must be at least one full year after the debt arose.
  - b- The release shall be for a specified amount as a maximum per year for one debtor.
  - C- Discharge is a right of the board of directors that may not be delegated.
- 9- Appointing, recruiting and dismissing managers, employees, workers, agents, intermediaries and the like, determining their salaries and bonuses and disbursing them to them, doing everything related to managing their affairs in the company, and seeking the assistance of full-time and part-time local and foreign expertise necessary to achieve the company's purposes, and determining its fees, bonuses and disbursement.
- 10- The board of directors may exercise these powers inside and outside the Kingdom of Saudi Arabia, and it has the right to delegate third parties to carry out certain work or businesses in a manner that does not conflict with the provisions of this system.

#### **Article Twenty Five: The responsibility of the members of the board of directors.**

1- The members of the board of directors shall be jointly responsible for compensating the company, shareholders or third parties for the damage that results from their mismanagement of the company's affairs or

their violation of the provisions of the law or the company's articles of association, and every condition stipulating otherwise shall be considered null and void, and all members of The Board of Directors if the error arises from a decision issued unanimously. As for the decisions that are issued by a majority of opinions, the opposing members shall not be held accountable for them if they express their objection in the minutes of the meeting. Absence from attending the meeting in which the decision is issued is not a reason for exemption from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after being aware of it.

2- The approval of the Ordinary General Assembly to absolve the members of the Board of Directors does not prevent the filing of a liability lawsuit.

3- The liability lawsuit shall not be heard after the lapse of three years from the date of discovery of the harmful act. With the exception of the cases of fraud and forgery, the liability lawsuit shall not be heard in all cases after the lapse of five years from the end of the fiscal year in which the harmful act occurred or three years from the termination of the membership of the relevant board of directors, whichever is later.

#### **Article Twenty Six: Powers of the Council Chairman, Vice President, Managing Director and Secretary:**

##### **A- Chairman of the Board:**

The board appoints a chairman from among its members, and it is not permissible to combine the position of the chairman of the board of directors with any other executive position in the company, and he has the right to call the board to convene, and he chairs the meetings of the board of directors as well as the meetings of the general assemblies.

The Chairman of the Board of Directors represents the company before others and before all authorities, bodies, and governmental and private entities. He has, **for example, but not limited to**, claiming, filing lawsuits, pleading, defending, acknowledgment, denial, conciliation, release, arrest, waiver, requesting an oath, refuting it and refraining from it, appealing forgery, requesting seizure, implementing judgments, reviewing enforcement departments, and requesting prevention from Traveling, filing it, arbitration, appointing and dismissing experts and arbitrators, challenging their reports, objecting to judgments and appealing them, petitioning for reconsideration, receiving judgments' instruments, returning judges and ending all that is required to attend hearings in all cases, before all courts, judicial bodies, administrative courts, labor committees, settling financial disputes, settling banking and paperwork disputes. It has the right to represent and sign the company and conclude all types of contracts before the Industrial Development Fund and Human Resources Development, the Saudi Arabian Monetary Agency, the General Authority for Ports, the General Investment Authority and the Saudi Authority Specifications, Metrology and Quality, the Industrial Cities Authority and Technology Zones, the Customs Authority, telecommunications companies, electricity and water companies, insurance companies, chambers of commerce, social insurance, zakat and income, and the Urban Planning Authority.

He has the right to sign contracts for the establishment of companies and any amendments that may occur to them of any kind, before the notaries public, review chambers of commerce and commercial records departments, renew and receive them, register trademarks, represent the company before the Capital Market Authority and sign before it.

He represents the company before the Ministries of Foreign Affairs, Defense, National Guard, Trade, Investment, Finance, Social Affairs, Municipal and Rural Affairs, Culture, Media, Housing, Electricity, Water, Energy, Industry, Mineral Resources, Civil Service and Communications.

He also has the right to represent the company and sign on it before the passports and labor offices in all matters relating to residency, visas, notifications, permits and extracting documents without any restriction or condition.



He may sign on behalf of the company and sign before the notaries public in all of the foregoing and everything that achieves the purposes and interests of the company, and he has the right to delegate third parties from the board members or third parties to carry out specific work or works or any of the above.

It also performs all the tasks entrusted to it by the Board and the articles of association of the company, as well as the regulations in force in the Kingdom of Saudi Arabia.

**b- Vice President:**

The Board shall appoint from among its members a Vice Chairman to replace the Chairman of the Board of Directors in his absence, bearing in mind that it is not permissible to combine the position of the Chairman of the Board of Directors with any other executive position in the company.

**C- Managing Director:**

The board of directors may appoint from among its members a managing director, and the board may also appoint from among its members or third parties a general manager (or chief executive officer) of the company, provided that he is not the chairman of the board of directors or his deputy. The Board determines the competencies of the Managing Director and the General Manager (CEO) and their remuneration.

**D- Secretary:**

The board of directors appoints a secretary to be chosen by it from among its members or from others, and defines his terms of reference and remuneration.

The term of the chairman, his deputy, the managing director, and the secretary, a member of the board of directors, shall not exceed the membership of each of them in the board, and they may be re-elected and the board at any time may dismiss them or any of them without prejudice to the right of the dismissed person to be compensated if the dismissal occurred for a reason other than project or at the wrong time.

**Article Twenty Seven: Board Meetings:**

The board of directors meets at least twice a year at the invitation of its chairman. The invitation is in writing, fax, or authenticated e-mail. The chairman of the board must invite the board to a meeting whenever two members request it.

The board shall convene at the company's headquarters, and it may also be held outside the company's headquarters.

**Article Twenty Eighth : The quorum of the Board meeting and its decisions:**

The meeting of the Board shall not be valid unless attended by a number of not less than four members. In the case of a member of the Board of Directors deputizing another member to attend the meetings of the Board, the delegation must be in accordance with the following rules:

1. A member of the Board of Directors may not delegate more than one member to represent him in attending that meeting.
2. That the delegation be established in writing and in connection with a specific meeting.
3. The representative may not vote on decisions that the system prohibits the representative from voting on.

Council Resolutions:

Decisions of the Board of Directors are issued by a majority vote of the members present or represented, and if the votes are equal, the side with which the chairperson voted shall prevail.

The Board may issue decisions in urgent matters by presenting them to the members separately, unless one of the members requests in writing the meeting of the Board for deliberation, and these decisions are presented to the Board of Directors in the first following meeting.

#### **Article Twenty nine: Council deliberations and minutes of its sessions**

The deliberations and decisions of the Board shall be recorded in minutes signed by the Chairman of the meeting, the members of the Board of Directors present, and the Secretary. These minutes shall be recorded in a special register signed by the Chairman and the Secretary.

#### **Article Thirty: Remuneration of Board Members:**

The remuneration of the Board of Directors shall be in accordance with the text of Paragraph (5) of Article Fifty-first, and within the limits of what is stipulated in the Companies Law and its regulations, and the report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all the remunerations received by members of the Board of Directors during the fiscal year. An allowance for expenses and other benefits, and it shall also include a statement of what the members of the Council received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy, and it shall also include a statement of the number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly .

### **Chapter Four**

#### **Shareholders' Assemblies**

#### **Article Thirty one: Attending Assemblies**

Every shareholder, regardless of the number of his shares, has the right to attend the general assembly, and he may delegate another person other than the members of the board of directors or the company's employees to attend, and it is required to accept the power of attorney that the regulations governing the power of attorney are met in the presence of the general assemblies of shareholders issued by the competent authorities.

Meetings of the general assemblies of shareholders may be held, and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, according to the controls set by the competent authority.

#### **Article Thirty Two: The Constituent Assembly.**

The founders shall call all the subscribers to hold a constituent assembly within forty-five days from the date of the ministry's decision to authorize the establishment of the company. For the meeting to be valid, the presence of a number of subscribers representing at least half of the capital is required. If this quorum is not met, an invitation is sent to a second meeting to be held after at least fifteen days. In all cases, the second meeting shall be valid regardless of the number of subscribers represented therein, and the constituent assembly is concerned with the matters mentioned in Article (sixty-third) of the Companies Law.

### **Article Thirty Three: Functions of the Ordinary General Assembly.**

With the exception of the matters that are concerned with the extraordinary general assembly, the ordinary general assembly is concerned with all matters related to the company, and it is held at least once a year during the six months following the end of the company's financial year.

### **Article Thirty Four: Functions of the Extraordinary General Assembly**

The Extraordinary General Assembly is responsible for amending the company's articles of association with the exception of matters that are prohibited from amending by law in accordance with the provisions of Article (88) eighty-eight of the Companies Law.

It may issue decisions on matters originally within the competences of the ordinary general assembly, under the same terms and conditions prescribed for the ordinary general assembly.

### **Article Thirty Five: Invitation to associations.**

General or special assemblies of shareholders are held at the invitation of the board of directors in accordance with the companies' law and regulations, and the board of directors must invite the ordinary general assembly to convene if requested by the auditor, the audit committee, or a number of shareholders representing (5%) of the capital at least, and the auditor may invite the assembly to convene if the board does not invite the assembly within thirty days from the date of the auditor's request. The invitation to convene the general assembly is published in a daily newspaper distributed at the company's head office at least ten days before the date fixed for the meeting. However, it may be sufficient to send the invitation on the mentioned date to all shareholders via the Tadawul website or by registered letters, and a copy of the invitation and the agenda is sent to the Ministry and the Capital Market Authority, within the period specified for publication.

### **Article Thirty Six: Record of attendance at assemblies**

Shareholders who wish to attend the general or special assembly register their names at the company's head office before the time specified for the assembly or at the headquarters where the assembly meeting is held. The company may apply the electronic assemblies system organized by the competent authorities.

### **Article Thirty Seven: Quorum of the Ordinary General Assembly Meeting.**

The meeting of the Ordinary General Assembly shall not be valid unless attended by shareholders representing at least a quarter of the capital. If the necessary quorum is not available to hold this meeting, the second meeting shall be held an hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting includes an announcement of the holding of this meeting.

In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

### **Article Thirty Eight: Quorum of the Extraordinary General Assembly Meeting**

The meeting of the extraordinary general assembly is not valid unless it is attended by shareholders representing half of the capital.

In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the capital.

If the necessary quorum is not present at the second meeting, an invitation is sent to a third meeting to be held in the conditions stipulated in Article (34) thirty-fourth of the company's articles of association, and the third meeting shall be valid regardless of the number of shares represented therein, after the approval of the competent authority.

### **Article Thirty Nine: Presiding over associations and preparing minutes.**

The meetings of the general assemblies of shareholders are chaired by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members for that in the absence of the chairman and his deputy.

Minutes of the assembly meeting shall be drawn up including the number of shareholders present or represented, the number of shares they hold in person or by proxy, the number of votes assigned to them, the decisions taken, the number of votes that approved or disagreed with them, and a complete summary of the discussions that took place in the meeting.

Minutes are recorded on a regular basis after each meeting in a special register signed by the association's president, secretary and vote collector.

### **Article Forty: Discussion in the Assemblies.**

Each shareholder has the right to discuss the topics listed on the assembly's agenda, and direct questions about them to the members of the board of directors and the auditor. The board of directors or the auditor answers the shareholders' questions to the extent that does not jeopardize the company's interest. to the Assembly and its decision in this regard is effective.

### **Article Forty one: Voting in assemblies.**

Each shareholder has a vote for each share in the general assemblies, and the cumulative vote must be used in electing the board of directors. The members of the board of directors may not participate in voting on the decisions of the assembly that relate to their discharge from their liability for the term of their management or that relate to a direct or indirect interest in them. Any member of the Board may participate in voting on decisions related to it.

### **Article Forty Two: Decisions of the Associations**

Decisions are issued in the Ordinary General Assembly by an absolute majority of the shares represented in the meeting. The decisions of the extraordinary general assembly are also issued by a two-thirds majority of the shares represented in the meeting, unless it is a decision related to the increase or decrease of the capital, the extension of the company's term, its dissolution before the expiry of the period specified in its articles of association, or its merger with another company, then it shall not be valid unless it is issued by a majority of three Quarters of the shares represented at the meeting, and the board of directors must publish, in accordance with the provisions of the Companies Law, the decisions of the extraordinary general assembly if they include amending the company's articles of association.

## **Chapter Five**

### **Review Committee**

### **Article Forty Three: Formation of the Committee.**

By a decision of the Ordinary General Assembly, a review committee shall be formed from non-executive members of the Board of Directors, whether shareholders or others, provided that the number of its members is not less than three and not more than five. The resolution shall specify the tasks of the committee, the rules of its work and the remuneration of its members.

#### **Article Forty Four: The committee meeting quorum.**

For a meeting of the Audit Committee to be valid, the presence of the majority of its members is required, and its decisions are issued by the majority of the votes of those present, and in the event of equal votes, the side with which the chairperson of the meeting voted shall prevail.

#### **Article Forty Five: The Committee's Terms of Reference.**

The Audit Committee is responsible for monitoring the company's business, and for this purpose it has the right to review its records and documents and to request any clarification or statement from the members of the Board of Directors or the Executive Management, and it may ask the Board of Directors to invite the company's general assembly to convene if the Board of Directors obstructs its work or the company is exposed for serious damage or loss.

#### **Article Forty Six: Committee reports.**

The Audit Committee shall consider the company's financial statements, reports and notes provided by the auditor, and express its views on them, if any. It shall also prepare a report on its opinion regarding the adequacy of the company's internal control system and the other work it has undertaken within its jurisdiction. The board of directors shall deposit sufficient copies of this report at the company's head office at least ten days before the date of the general assembly meeting to provide each shareholder who wishes with a copy of it. The report will be read during the assembly

### **Chapter Six**

#### **auditor**

#### **Article Forty Seven: Appointing an auditor.**

The company must have an auditor (or more) from among the auditors licensed to work in the Kingdom, to be appointed annually by the Ordinary General Assembly, and to determine his remuneration and term of work, and it may reappoint him, provided that the total term of his appointment does not exceed five consecutive years. This period is to be re-appointed after the lapse of two years from the date of its expiry.

The association may also at any time change it without prejudice to its right to compensation if the change occurred at an inappropriate time or for an illegal reason.

It is not permissible to combine the work of an auditor with participation in the founding of the company or membership in the board of directors, or performing technical or administrative work in the company or for its interest, even as a matter of consultancy, and it is also not permissible for the auditor to be a partner of a member of its board of directors, a worker for him, or a relative of the fourth degree Any act contrary to that will be null and void, with his obligation to return what he received to the Ministry of Finance.

#### **Article Forty Eight: Powers of the auditor.**

The auditor at any time has the right to review the company's books, records and other documents, and he also has the right to request data and clarifications that he deems necessary to obtain, in order to verify the company's assets and obligations and other things that fall within the scope of his work. The chairman of the

board of directors shall enable him to perform his duty, and if the auditor encounters difficulty in this regard, he shall prove this in a report submitted to the board of directors. If the board does not facilitate the work of the auditor, he shall ask the board of directors to invite the ordinary general assembly to consider the matter.

## Chapter Seven

### Company accounts and dividends

#### Article Forty Nine: the fiscal year.

The fiscal year begins on the first of January and ends at the end of December of each Gregorian year.

#### Article Fifty: Financial documents.

1- The board of directors prepares for each financial year the company's financial statements and a report on the company's activity, financial position and the method it proposes for distributing net profits. The board puts these documents at the auditor's disposal at least forty-five days before the date set for convening the general assembly.

2- The Chairman of the Board, the Chief Executive Officer and the Financial Director shall sign the said documents, and copies of them shall be deposited at the company's head office at the disposal of the shareholders at least ten days before the date set for the holding of the General Assembly. The financial statements shall be disclosed to the public and the relevant government agencies in accordance with the regulations in force.

3- The chairman of the board of directors shall provide the shareholders with the company's financial statements, the board's report, and the auditor's report, unless they are published in a daily newspaper distributed in the company's head office and send a copy of these documents to the Ministry of Commerce and the Capital Market Authority five days before the date of the general assembly. At least ten days, and electronic publication is taken into account in accordance with the requirements of the relevant authorities.

4- The board of directors shall, within thirty days from the date of approval of the financial statements by the general assembly, the board of directors' report, the auditor's report, and the audit committee's report, deposit copies of the aforementioned documents with the Ministry of Commerce and the Capital Market Authority.

#### Article Fifty One: Dividend distribution.

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

1- (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this set-up 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 certain percentage of the net profits to form a consensual reserve to be allocated for the purposes specified by the Assembly.

3- 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 for the establishment of social institutions for the company's employees or to assist the existing such institutions.

4- A percentage representing (5%) of the company's paid-up capital shall be distributed from the remainder after that as a down payment. The ordinary general assembly may also decide to distribute dividends to shareholders from the balance of retained earnings.

5- Subject to the provisions stipulated in Article (Thirty) of this Articles of Association and Article Seventy-six of the Companies Law, 7.5% of the remainder shall be allocated for the remuneration of the Board of Directors, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member. .

6- The rest is then distributed to the shareholders as an additional share in the profits.

7- The Ordinary Assembly may decide to distribute interim dividends to its shareholders on a quarterly or semi-annual basis, and it may authorize the Board of Directors to do so by virtue of a resolution determined annually.

#### **Article Fifty Two: entitlement to profits.**

The shareholder shall be entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision shall indicate the due date and the date of distribution. The eligibility for profits shall be for the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

#### **Article Fifty Three: losses of the company.**

1- If the losses of a joint-stock company amount to half of the paid-up capital, at any time during the fiscal year, any official of the company or the auditor must immediately inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors must immediately inform the members of the Board of that, and the Board of Directors within Fifteen days from his knowledge of this, to invite the extraordinary general assembly to meet within forty-five days from the date of his knowledge of the losses; To decide either to increase or decrease the company's capital in accordance with the provisions of the Companies Law, to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the company before the term set for it.

2- The company shall be considered dissolved by the force of the Companies Law if the General Assembly does not meet within the period specified in Paragraph 1 of this Article, or if it meets and is unable to issue a decision on the matter, or if it decides to increase the capital in accordance with the conditions established in this Article and the subscription has not taken place. In each capital increase within ninety days from the issuance of the Assembly's decision to increase it.

### **Chapter Eight**

#### **Disputes**

#### **Article Fifty Four: Liability lawsuit.**

Every shareholder has the right to file a liability lawsuit for the company against the members of the board of directors if the mistake made by them causes a special damage to him. The shareholder may not file the

aforementioned lawsuit unless the company's right to file it still exists. The shareholder must inform the company of his intention to file a lawsuit, while limiting his right to claim compensation for the special damage he sustained.

## **Chapter Nine**

### **Dissolution and liquidation of the company**

#### **Article Fifty Five: Expiration of the company.**

As soon as the company expires, the company enters the stage of liquidation and retains the legal personality to the extent necessary for liquidation. A decision of voluntary liquidation is issued by the extraordinary general assembly.

The liquidation decision shall include the appointment of the liquidator, the determination of his powers, his fees, the restrictions imposed on his powers, and the time period required for liquidation.

The period of voluntary liquidation should not exceed five years and may not be extended for more than that except by a judicial order.

The authority of the company's board of directors ends with its dissolution, however, these persons remain in charge of the company's management and are considered to others as liquidators until the liquidator is appointed. Shareholders' assemblies remain in place during the liquidation period and their role is limited to exercising their powers that do not conflict with the competences of the liquidator.

#### **Article Fifty Six: Distribution of the net proceeds of the liquidation.**

The net proceeds of the liquidation, after fulfilling all the company's debts and obligations, shall be distributed among the shareholders according to what each of them owns from the paid-up capital without discrimination.

## **Chapter Ten**

### **Final rulings**

#### **Article Fifty Seven.**

The Companies Law and its Bylaws shall be applied in everything that is not provided for in this Law.

#### **Article Fifty Eight.**

This system shall be deposited and published in accordance with the provisions of the Companies Law and its regulations.