

**Saudi Ceramic Company**

**(Saudi Listed Joint Stock Company)**

**Articles of Association**

## **First Chapter**

### **Establishment of the company**

#### **Article (1): Establishing**

It was established in accordance with the provisions of Companies Law and this system is between shareholders shown hereinafter listed general joint stock company.

#### **Article (2): Company Name:**

Saudi Ceramic Company (a listed joint stock company).

#### **Article (3): Company Purposes**

**3-1: Manufacturing:** The company manufactures, stores, transfers and markets the following: -

- 1- Ceramic, faience and porcelain tiles of various types and accessories.
- 2- Ceramic sanitary ware and their accessories.
- 3- Toilets equipment.
- 4- Electric and solar water heaters and their accessories and boilers.
- 5- Paint materials for porcelain and ceramic products.
- 6- Red clay bricks and their derivatives.
- 7- Clay and plastic pipes for various purposes.
- 8- Various plastic products.
- 9- Drinking water coolers.
- 10- Porcelain, acrylic and plastic bathtubs and showers.
- 11- Ceramic and plastic road signs.
- 12- Ceramic household products.
- 13- Desert air conditioners.
- 14- Electric heaters.
- 15- Tiles, roofing products and ceramic cladding.

16- Ceramic heat insulators.

17- Various building solutions and technologies and housing project solutions.

**3-2: Mining:** This includes:

- 1- Extraction, processing, shaping and marketing of raw materials, including but not limited to: silica sand powder, zircon and dolomite sand powder, feldspar mineral, red clay, soda ash, sodium silicate, kaolin, limestone, gypsum powder, flint stone, sand, and any other raw materials.
- 2- Transportation, storage and marketing of raw materials.
- 3- Management of quarries and mining sites.
- 4- Establishing and managing crushers and mills at raw material sites.
- 5- Collecting all materials for re-manufacturing, including recycling and collection of production waste and materials, processing and discharging, and retrieving the necessary or complementary materials for the purposes of the company.

**3-3: Trade:** Trade in all the purposes of the company, including the following:

- 1- Wholesale and retail trade and electronic commerce to market building materials products that the company manufactures or buys from others.
- 2- Supply of governmental and private projects from the company's products and other products.
- 3- Import and export, international sales, commercial services, undertakings, commercial agencies, marketing, and opening offices and exhibitions in other countries for the purpose of selling or buying products of the company that manufactures them from others.

**3-4: Contracting, operation and maintenance:** construction, repair, rebuilding and installation of factories, buildings, ready-made concrete, installation of industrial machinery, equipment and machinery, and implementation of projects using the company's products.

**3-5:** For the company to carry out all the necessary and complementary purposes and activities that complement its activities and purposes, and to seek the necessary expertise to conduct its business. The company also exercises its

activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

**Article (4): Participation and Ownership in Companies:**

The company may establish its own companies (limited liability company or closed stock company) with share capital not less than (50 million Saudi Riyal. The company may own shares in or merge with other companies. The company may also participate with others in establishing limited liability companies subject to obtaining the necessary approvals. The company may dispose of such shares provided that the company does not engage in the brokering of shares.

**Article (5): Registered Office of the company:**

The head office of the company is located in the city of Riyadh, and may establish branches, offices or agencies inside or outside Kingdom of Saudi Arabia or in free zones by a decision of the board of directors.

**Article (6): Company Term:**

The duration of the company is (99) ninety-nine Hijrah years, starting from the date of its registration in the commercial register, and the term of the company may always be prolonged by a decision issued by the extraordinary general assembly at least two year before the expiry of its term.

**Second Chapter: Capital and Shares**

**Article (7): Capital:**

The capital of the company shall be (SR 800,000,000) eighth hundred million Saudi Riyal fully paid, divided into (80,000,000) shares eighty million nominal shares of equal value of 10 riyal each (only ten Saudi riyal) all cash normal shares.

**Article (8) Capital Subscription:**

Shareholders subscribed in company full shares of (80,000,000) (eighty million nominal) shares, value paid in full.

**Article (9): Selling undervalued shares:**

- 9-1 The shareholder is obligated to pay the value of the share on the dates specified for that, and if he fails to pay on the due date, the board of directors may, after notifying him through specified methods in company articles of association or a registered letter, sell the share in a public auction or securities market in accordance with the controls determined by the competent authority.
- 9-2 The company shall collect the proceeds of the sale due to it and return the rest to the owner of the share, and if the proceeds of the sale are not sufficient to meet these sums, the company may collect the remainder from all the shareholder's funds.
- 9-3 The shareholder who fails to pay until the day of the sale may pay the value owed on him in addition to the expenses that the company has spent in this regard.
- 9-4 The company cancels the sold share in accordance with the provisions of this article, and gives the buyer a new share bearing the number of the canceled share and indicates in the shareholders' register the occurrence of the sale with an indication of the name of the new owner.

**Article (10): Issuance of Shares:**

- 10-1 Shares may not be issued at less than their nominal value, but may be issued at a higher value, and in this last case the difference in value is added in a separate item within the shareholders' equity, and it is not permissible to distribute it as dividends to the shareholders.

- 10-2 The share is not indivisible vis-à-vis the company, so if the share is owned by multiple persons, they must choose one of them to act on their behalf to use the rights related to it, and these persons shall be jointly responsible for the obligations arising from the ownership of the share.
- 10-3 The company may buy and sell its shares within staff shares program, in accordance with companies law and controls issued by control bodies.

### **Article (11): Shares Trading:**

- 11-1 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 company establishing, instruments of these share are marked with indication of it type, company establishing date and the period during which it is prohibited to trade.
- 11-2 During the ban period, it is permissible to transfer the ownership of shares in accordance with the provisions of the sale of rights from one of the founders to another founder or heirs of one of the founders in the event of his death to a third party 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.
- 11-3 Provision of this article shall apply to what the founders subscribe to in the event of an increase in the capital prior to the expiry of the prohibited period.

### **Article (12): Preference Shares:**

- 12-1 Extra ordinary assembly of the company may- according to bases set by competent bodies- issue preference shares and decides to buy them, transfer normal shares into preference shares or transfer preference shares into normal shares.
- 12-2 Preference shares are not given the right to vote in the general assemblies of shareholders, and these shares arrange for their owners the right to obtain a

percentage of more than the right of ordinary shares out of the net profits of the company after setting aside the statutory reserve.

### **Article (13): Register of Shareholders:**

Shares of the company are traded in accordance with provisions of Financial Market regulation.

### **Article (14): Capital Increase:**

- 14-1 The Extraordinary General Assembly, provided that the capital has been fully paid, may decide to increase the capital of the company, and it is not required that the capital has been fully paid if the unpaid portion of the capital refers to shares issued in exchange for converting debt or financing instruments into shares and the period set for converting them into shares has not yet expired.
- 14-2 The extraordinary general assembly -in all cases -may allocate the shares issued when increasing the capital or part thereof to the employees of the company and subsidiary companies or some of them, provided that issued shares don't exceed (0.5%) of company capital or any of that, and shareholders may not exercise the right of priority when the company issues shares allocated to staff.
- 14-3 The shareholder -who owns the share at the time of the decision of the extraordinary general assembly to approve the increase in the capital -the priority in the subscription to the new shares issued in exchange for cash shares, and they informed of their priority by publishing in a daily newspaper or by informing them through registered mail about the decision to increase the capital, the conditions for the subscription, its duration and the date of its commencement and its end.
- 14-4 The extraordinary general assembly has the right to suspend the priority right for shareholders to subscribe to an increase in capital in exchange for

cash shares or to give priority to non-shareholders in cases it deems appropriate for the company interest.

14-5 The shareholder has the right to sell or waive the priority right during the period from the time of the issuance of General Assembly's decision to approve the capital increase to the last day of subscription for new shares associated with these rights, in accordance with the controls laid down by the competent authority.

14-6 Subject to the provisions of Paragraph (14-4) above, the new shares shall be distributed to the holders of priority rights who have requested the subscription, in proportion to the priority rights they own from the total priority rights resulting from the capital increase, provided that what they obtain does not exceed the shares they requested. The rest of the new shares shall be distributed to the holders of priority rights who have requested more than their share, in proportion to the priority rights they own from the total priority rights resulting from the capital increase, provided that what they obtain does not exceed what they requested of the new shares, and the remaining shares shall be offered to others, unless the extraordinary general assembly decides or the financial market system stipulates otherwise.

### **Article (15): Capital Reduction:**

15-1 The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's need or if the company incurs losses. In last event, it may alone reduce the capital to under the limit stipulated in article (fifty four) company law. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the company's obligations and the impact of the reduction on these obligations.

15-2 If the capital reduction is a result of an excess of the company's need, creditors must be called upon to express their objections to it within (60) sixty days from the date on which the reduction decision is published 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 immediately or provide him with a guarantee sufficient to pay it if it is later.

### **Chapter Three: Debt Instruments and Financial Instruments**

#### **Article No. (16): Issuance of debt instruments and financing instruments**

The company may issue debt instruments or financing instruments that can be transferred and traded into shares or instruments - whether for public subscription or otherwise in accordance with the relevant laws and regulations - after the issuance of a decision by the extraordinary general assembly specifying the maximum number of shares that may be issued in exchange for those instruments Or instruments, whether those instruments or instruments were issued at the same time or through a series of issuances or through one or more programs to issue debt instruments or financing instruments. The board of directors issues - without the need for new approval from this association - new shares in exchange for those instruments or instruments whose holders request their transfer, upon the expiry of the transfer request period specified for the holders of those instruments or instruments. The Board shall take the necessary measures to amend the Company's Articles of Association with regard to the number of issued shares and the capital.

#### **Article No. (17): Transferring debt instruments or financing instruments**

17-1: Subject to the provisions of Article (16) above, the company may convert debt instruments or financing instruments into shares in accordance with the financial market regulations.

17-2: In all cases, these instruments and instruments may not be converted into shares in the following two cases:

- A) If the conditions for issuing debt instruments and financing instruments do not include the possibility of converting these instruments and instruments into shares by raising the company's capital.
- B) If the holder of a debt instrument or financing instrument does not agree to this transfer.

**Article No. (18): Transferring debt instruments or financing instruments**

The decisions of the shareholders 'associations shall apply to the owners of debt instruments and financing instruments. Nevertheless, the aforementioned societies are not permitted to amend the rights granted to them except with approval issued by them in an association of their own to be held in accordance with the provisions of Article (89) of the Companies Law.

**Chapter Four: Board of Directors**

**Article No. (19): Company Management:**

The management of the company is undertaken by a board of directors composed of eight (8) members elected by the ordinary general assembly for a period not exceeding three years provided that it is by cumulative vote, and they may be re-elected for another term or terms.

**Article No. (20): Board Membership**

The membership of the board ends with the expiration of its term or the expiration of the member's validity according to any system or instructions in force in the Kingdom, however the ordinary general assembly may at all 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 occurs for an unacceptable reason or at an inconvenient time, and a member of the board of directors may retire, provided that it is at an appropriate time, otherwise he shall be liable before the company for the damages resulting from his retirement.

**Article No. (20): Board Membership:**

Board membership ends with the expiration of its term or the member's expiration date according to any law or instructions in force in the Kingdom, however the ordinary general assembly may at all 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 occurs for an unacceptable reason or at an inconvenient time, and a member of the board of

directors may retire, provided that it is at an appropriate time, otherwise he shall be liable before the company for the damages resulting from his retirement.

**Article No. (21): Vacant Position in the Board:**

If a position of one of the Board of Directors members becomes vacant, the Board appoints a temporary member in the vacant position according to the order in obtaining votes in the assembly that elected the Board, provided that he must be someone with experience and sufficiency, and the ministry must be notified within five (5) working days from the date of appointment, and the appointment is presented to the ordinary general assembly at its first meeting, and the new member completes the term of his predecessor, and if the necessary conditions for the meeting of the Board of Directors are not met due to the shortage of its members regarding the minimum stipulated in company law or this system, the remaining members must call the Ordinary General Assembly to convene within sixty (60) days to elect the necessary number of members.

**Article No. (22): the interest**

It is not permissible for a member of the Board of Directors to have any direct or indirect interest in the business and contracts that are made for the account of the company except with a license from the Ordinary General Assembly to be renewed every year. For the account of the company, and this notification is confirmed in the minutes of the board meeting, and the member with interest may not participate in voting on the decision issued in this regard by the board of directors and the shareholders' associations. The chairman of the board of directors informs the ordinary general assembly when it convenes the business and contracts in which one of the members of the board of directors has a personal interest, and the notification is accompanied by a special report from the company's external auditor.

**Article No. (23): Competition**

It is not permissible for a member of the Board of Directors - without a license from the Ordinary General Assembly to be renewed every year - to participate in any work that would compete with the company or to compete with the company in one

of the branches of the activity that it is practicing, otherwise the company may demand adequate compensation from him and consider the operations he undertook for his own account Was done for her.

#### **Article No. (24): Loans**

The company is not permitted to offer a loan of any kind to any of its board members or shareholders, or to guarantee any loan contracted by any of them with others, with the exception of the loans and guarantees granted by the company in accordance with the incentive programs for its employees that have been approved in accordance with the provisions of the Company's Articles of Association. Or by a decision of the ordinary general assembly, and every contract made in violation of the provisions of this article shall be deemed null, and the company has the right to claim the violator before the competent judicial authority for compensation for any damages that may befall it.

#### **Article No. (25): Confidentiality**

Members of the board of directors are not permitted to disclose to shareholders other than the general assembly meetings what they have found of company secrets, and they may not exploit what they know - by virtue of their membership - to achieve an interest for them or one of their relatives or others. Otherwise, they must be removed from office and a claim for compensation.

#### **Article No. (26): Liability**

**26-1:** The members of the Board of Directors shall be jointly responsible for indemnifying the company, the shareholders, or others for the damage that results from their mismanagement of the company's affairs or their violation of the provisions of this Law or the provisions of the Companies Law, and every condition requiring otherwise shall be void. Responsibility falls on all members of the board of directors if the error arises from a decision issued by their unanimous vote. As for the decisions issued by the majority of opinions, the opposing members are not asked about them once they explicitly prove their objection in the meeting minutes, and absence from the meeting in which the decision is issued is not considered a reason for exemption from responsibility unless It is proven that the absent member is not aware of the decision or is unable to object to it after being aware of it.

**26-2:** Filing a liability lawsuit does not preclude the approval of the ordinary general assembly to absolve the members of the board of directors.

**26-3:** The liability claim is not heard after the lapse of three years from the date the harmful act was discovered, and with the exception of the cases of fraud and forgery, the liability claim - in all cases - is not heard after five years have passed from the date of the end of the fiscal year in which the harmful act occurred or three years From the termination of the membership of the concerned board member, whichever is later.

#### **Article No. (27): Liability claim**

The company has the right to file a liability lawsuit against the members of the board of directors due to errors that result in damages to all shareholders, and the ordinary general assembly decides to file this lawsuit and appoints a representative for the company to undertake it. The liquidator directly undertakes the lawsuit after obtaining the approval of the ordinary general assembly.

#### **Article No. (28): Representation**

A member of the board of directors may delegate other members to attend the meetings of the board according to the following controls:

- 1) It is not permissible for a member of the Board of Directors to represent more than one member in attending the same meeting.
- 2) That the assignment is fixed in writing and regarding one meeting.
- 3) The deputy may not vote on the decisions on which the system prohibits the delegate from voting on it.

#### **Article No. (29): Decisions by passing**

The Board of Directors may issue decisions on urgent matters by presenting them to the members dispersed, 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 at its first subsequent meeting.

#### **Article No. (30): Powers of the Board of Directors:**

**30-1** Taking into consideration the terms of reference established for the general assembly, the board of directors shall have the broadest powers and powers in

managing the company in order to achieve its objectives, and for this, but not limited to, the following powers:

**30-1-1:** Regarding the policies, financial statements, and support for financial agencies

- A) To formulate the general policies of the company and conduct all actions and transactions that achieve its interests and objectives.
- B) Preparing annual financial statements, approving budgets and annual marketing plans, and working on their implementation.
- C) Approving internal, financial, administrative, technical, labor and supervisory policies and regulations and the organizational structure of the company, and they have the right to appoint employees and consultants and dismiss them or terminate their services.
- D) Providing financial, technical and / or administrative support to any of the companies in which the company or other companies and individuals participate in or contribute to the Kingdom of Saudi Arabia or abroad.
- E) Representing the company in front of governmental and non-governmental agencies, all banks, banks, funds, financial, banking, financing and credit agencies, and financial markets inside or outside the Kingdom, including but not limited to the Saudi Arabian Monetary Agency, the Saudi Industrial Development Fund, the Financial Market Authority, and the Saudi Stock Exchange Company (Tadawul), They may, without limiting or restricting, take all actions and procedures and terminate them, including:
  - 1: Approval and signing of all letters and contracts of various types and forms, whether they are related to opening bank accounts for the company (of all kinds), closing them, suspending them, updating them, activating them or those related to the request and obtaining all facilities and loans regardless of their duration (including Loans whose term exceeds three (3) years, or their scheduling, settlement, cancellation, assignment, etc., or what is related to guarantees, mortgages, redemption, renewal or cancellation, or what is specific to portfolios and investment, financial and credit funds.

- 2: The right to manage bank accounts, withdraw, deposit, arrest, transfer, sign, approve signatures, and issue authorizations, all within or outside the Kingdom of Saudi Arabia.
  - 3: Application, approval, conclusion, withdrawal, issuance, cancellation, termination, acceptance, assignment, renewal, receipt and signature of all commercial bonds, guarantees, guarantees, bank credits, and bonds of all kinds.
  - 4: Guarantee and guarantee the credit facilities obtained by any of its subsidiaries or in which it participates or contributes.
- F) Employing company funds and investing them in stocks, bonds and real estate.
- G) Opening investment portfolios in shares for the benefit of the company, managing and trading in them in the financial markets (Saudi and non-Saudi) by buying and selling, seizing and mortgaging them, borrowing in its name, and releasing the foreclosure.
- H) Create, edit, sign, endorse and accept all commercial papers required by the company's business, including checks, bills of exchange, order bonds, and the right to receive returned checks.

**30-1-2: Concerning conciliation, contracts, tenders, and managing funds and documents**

- A) The right to conciliation, assignment, contracting, commitment, concluding, signing, documenting and recording all contracts and agreements and signing them in the name of the company, including contracts related to commercial agencies, distribution, concession and usufruct contracts, procurement, supply, sale, purchase, rent and installment of all movable and immovable property of the company, including lands, real estate, factories, buildings, equipment and machinery The company's assets, stocks and shares, and they have the right to sign before all governmental and non-governmental agencies and notaries, inside or outside the Kingdom of Saudi Arabia.
- B) Entering into public and private bids and tenders, purchasing their documents, submitting bids and competition, accepting the award and signing, rejecting or canceling their contracts.
- C) Managing the company's movable funds such as shares, stocks, cars, equipment, appliances, furniture, etc., which are not movable such as real estate, land, buildings, and factories owned by the company, etc.

D) Concerning [land, real estate, factories, buildings, equipment, machinery, vehicles, and / or company assets (wholly or partly), shares, and / or stakes and / Or the shop and / or trademarks, intellectual rights and other movable and immovable property] they have the right: sale and emptying receipt of the price by a check certified in the name of the company - purchase, acceptance of emptying and payment of price - barter - donation and discharge - acceptance of donation and discharge - acceptance of assignment and emptying - mortgage - Accepting the mortgage - releasing the mortgage - merging the sukuk - retailing and sorting - updating the sukuk and entering them into the comprehensive system - receiving the sukuk - extracting a group of lost sukuk - extracting a set of sukuk for a damaged replacement - assigning the lack of space - converting agricultural lands into residential - modifying the owner's name and registry number Civil Hafizah - Amending borders, lengths, area, plot numbers, plans, sukuk, dates and names of neighborhoods - leasing - signing lease contracts - renewing lease contracts - receiving the rent by check in the name of the company - canceling and terminating lease contracts - and signing before all governmental and non-governmental agencies and notaries within the Kingdom of Saudi Arabia Saudi Arabia or abroad, provided that the following conditions are taken into consideration in cases of sale of the company's land and real estate:

1) That the board specify the reasons and justifications for it in the sale decision.

2) That the sale is close to the price of the same.

3) That the sale is present except in cases determined by the Board and with adequate guarantees.

4) That this behavior does not lead to the suspension of some of the company's activities or impose it on other obligations.

### **30-1-3: With regard to the amounts and company's rights**

Discharge of the company's debtors of their liabilities, debts, amounts owed to the company, and / or movable and / or immovable funds.

### **30-1-4 Concerning articles of association, partners' decisions, and companies incorporation**

Establishing a company, signing articles of association and all annexes and amendment decisions, decisions of partners, appointing and dismissing managers, amending the management clause, entering and leaving partners,



entering into existing companies, identifying, increasing and reducing capital, buying and selling shares and shares, paying the price, receiving value and profits, assigning shares and shares of the capital, and accepting assignment of shares Shares, capital, transfer of shares, stocks, bonds, merger and acquisition, opening accounts with banks in the name of the company, signing agreements, amending the company's objectives, closing accounts with banks in the name of the company, amending articles of incorporation or amendment appendices, registering the company, opening files for the company, opening branches for the company, liquidating the company, and converting the company from a shareholder to a liability. Limited and converting the company from having limited liability to contributing and canceling incorporation contracts and amendment appendices, signing incorporation contracts and amendment appendices to the notary, reviewing the Quality and Quality Department and the Standards and Metrology Authority, extracting licenses of all kinds and renewing them for the company, reviewing the General Investment Authority and signing before it, reviewing the Capital Market Authority and publishing the articles of incorporation and annexes Amendment and summary Its obligations and the articles of association in the Official Gazette, receiving and delivery, reviewing all relevant authorities, finalizing all necessary procedures, and signing as required.

**30-2:** The Board of Directors has the right to delegate and delegate on its behalf, within the limits of its competence, the Chairman of the Board of Directors or his deputy or any member or more of the Board members, the Managing Director, the Chief Executive Officer, or others with all or some of his powers to carry out a specific work or work. Canceling the power of attorney, revoking it, or terminating the mandate. In this regard, he has the right to issue legal agencies and/or authorizations from the competent authorities inside and outside the Kingdom of Saudi Arabia, including notaries and authenticators.

**Article No. (31): Remuneration of Board Members:**

The remuneration of the members of the Board of Directors consists of a certain amount, an attendance allowance for the sessions, an expenses allowance, in-kind benefits, or a percentage of the profits. It is permissible to

combine two or more of these benefits without exceeding what is stipulated in the Companies Law and its Bylaws and in light of a policy issued and approved by the Nominations and Remuneration Committee The Assembly, and the report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all rewards, expenses allowances and other benefits that Board members received during the fiscal year, and it should also include a statement of what board members received as workers or administrators or what they received In exchange for technical, administrative or consulting works, it should also include a statement of the number of board sessions and the number of sessions attended by each member from the date of the last meeting of the general assembly, and members of the board of directors may not vote on the item remuneration of members of the board of directors at the meeting of the general assembly.

**Article No. (32): Powers of Chairman, Vice Chairman, Managing Director, Executive Committee and Secretary:**

- 32-1:** The Board of Directors appoints from among its members a Chairman and Vice President, and it is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the company.
- 32-2:** The Vice-Chairman of the Board of Directors replaces the Chairman of the Board of Directors in his absence, and in this case he shall have all the powers granted to the Chairman of the Board of Directors.
- 32-3:** the terms of reference and powers of the Chairman of the Board of Directors In addition to the powers that the Board of Directors may delegate from time to time to the Chairman of the Board, the Chairman of the Board shall have the following powers:
- A) Calling the board to meet, chairing the board meetings and the general assembly of shareholders and approving and signing the decisions of the board and the extracts drawn from them.
  - B) With regard to courts and judicial authorities:  
Claiming, instituting lawsuits, pleading, defending, hearing and responding to lawsuits, acknowledging and denying, requesting oath, returning it, refraining from it, bringing witnesses and evidence, challenging them, answering,

wounding, amending, challenging forgery, denying lines, seals, signatures, requesting travel ban and raising it, requesting seizure and execution, requesting arbitration, appointing experts and arbitrators, challenging reports of experts and arbitrators, and their response and replacement and request Refer the case, accept and deny judgments, object to judgments, request an appeal, petition for reconsideration, request reinstatement, request preemption, receive verdicts, request the judge to step aside, request admission and interfere, submit complaints, request inspection, and request the application of Article (230) of the Sharia pleadings system, implementation of judgments, demanding them, collecting rights and receiving amounts In accordance with checks in the name of the company) and requesting an annulment of the judgment before the Supreme Court, and the termination of what is required to attend sessions in all cases in all courts of all types and degrees, including Sharia ("general"), partial and penal courts, commercial and labor courts, execution courts, seizure and execution departments, administrative courts and courts Resent Nave of all kinds, the higher courts, the Supreme Judicial Council, the Ministry of Justice, the Board of Grievances, and before all the committees, judicial bodies and administrative committees of judicial jurisdiction, including the committees for the adjudication of securities disputes, the committee for the adjudication of commercial paper disputes, customs, Zakat, labor, banking, forensic medical and media committees, and commercial fraud, All bodies and investigation bodies (the Supervision and Investigation Authority and the Investigation and Public Prosecution Authority) have the right to conciliate and waive, subject to Article (30) of this system, and to receive, hand over, review all relevant authorities and finish all necessary procedures and sign as required inside and outside the Kingdom of Saudi Arabia.

C) With regard to the company's relationship with others:

1: Represent the company in its relationship with others and in front of all (governmental and non-governmental) bodies such as ministries, agencies, government and administrative departments, bodies and others, review all relevant authorities, finish all necessary procedures, sign what requires this, and receive and deliver, including the following: In relation to[Ministries] in the review of the Royal Court - Review of the Ministry of Justice - Review of the Ministry of Interior -

Review of the Ministry of Foreign Affairs and the Embassy of all embassies and consulates - Review of the Ministry of Defense - Review of the Ministry of National Guard - Review of the Ministry of Trade and Investment - Trademarks Management, Commercial Agencies Management and Commercial Agencies Waiver And the abolition of commercial agencies, quality and quality management, precious metals, issuance of a certificate of origin and a request for customs exemption - reviewing the Ministry of Finance - reviewing the Ministry of Agriculture and the directorates of agriculture, extracting a license, extracting licenses for drilling a well, amending the license, renewing the license, and the irrigation and drainage project - reviewing the Ministry of Labor and Social Affairs - reviewing the Ministry of Municipal and Rural Affairs - Review of the Ministry of Health - Review of the Ministry of Culture and Information - Registration of intellectual rights and issuance of permits - Review of the Ministry of Islamic Affairs, Advocacy and Guidance - Review of the Ministry of Housing - Review of the Ministry of Electricity and Water and Water and Wastewater Authority - Review of the Ministry of Energy, Industry and Mineral Resources - Review of the Ministry of Transport - Review of the Ministry of Hajj - Visiting the Ministry of Hajj and Umrah - Visiting Ministry Civil Service - Review of the Ministry of Communications and Information Technology - Review of the Ministry of Economy and Planning - and a review of the Office of His Highness the Crown Prince - and its branches and the departments and divisions that follow. With regard to [cars] and that in importing cars and heavy equipment - reviewing customs and car customs and issuing traffic plates - reviewing the Ministry of Transport to extract car operating cards. With regard to [the customs authority] clearance of goods, inspection and inspection - payment of fees and receipt of customs clearances and cards - amendment or extraction of lost items for customs cards - review of medical quarantines. With regard to [commercial records] in reviewing records management - extracting records - renewing records - transferring commercial records - reserving the trade name - registering a trademark - opening the subscription at the Chamber of Commerce - renewing the subscription

with the Chamber of Commerce - signing all documents with the Chamber of Commerce - Records Management - Approving the signature with the Chamber of Commerce - Canceling the signature with the Chamber of Commerce - Managing the company's commercial business - Supervising records - Amending records - Adding activity - Opening branches for records - Canceling records - Registration in electronic services in the chambers of commerce and activating services and receiving the password - review Social Insurance - Review of the Department of Zakat and Income - Review of the General Authority for Zakat and Income - Civil Defense review. With regard to [secretariats and municipalities] in opening shops - issuing licenses - renewing licenses - canceling licenses - transferring licenses - extracting construction and restoration permits - extracting fencing licenses - extracting demolition licenses - reviewing the General Administration of Urban Planning - issuing building completion certificates - planning lands - Extracting health cards - converting agricultural lands into residential - entering tenders and receiving forms. With regard to [passports], in extracting residencies - renewing residency - extracting residencies in lieu of lost or damaged - exit and return work - final exit work - transfer of guarantees - transfer of employment sponsorship for himself - transfer of information and updating data - settlement and assignment of workers - amendment of professions - notification About absconding - canceling absconding reports - canceling exit and returning visas - canceling final exit visas - extracting travel visas instead of damaged or missing - extracting extension visit visas - terminating deceased labor procedures - extracting workers' data list (print) - dropping employment - reviewing the deportation and immigration department - Administration of ports affairs - extraction of return scenes - issuance of Hajj permits - Registration in the electronic service to receive the password. With regard to the [Labor Office], in obtaining visas - canceling visas - receiving visa compensation - transferring guarantees - changing professions - updating workers' data - liquidating and canceling employment - reporting labor flight - canceling labor absconding notices - extracting and renewing work permits - ending employment procedures At the Social Insurance -

Review of the computer department in the workforce to drop employment and to add employment - Add and delete Saudis - Receive Saudization certificates - Open, renew and cancel basic and subsidiary files - Extract print data - Transfer, liquidate and cancel ownership of establishments - Refer to the National Recruitment Offices Section - Recruitment of workers from abroad. With regard to [telecommunications companies], in reviewing all telecommunications companies - extracting mobile phone chips - extracting the replacement for damaged and lost mobile SIM cards and replacing them - transferring mobile phone chips - requesting the establishment of fixed phones - transferring fixed phones - canceling and assigning fixed phones - requesting all services provided by companies Telecommunications. With regard to [the Electricity Company], in the application for the introduction of electricity meters - the request for the transfer of electricity meters - the request to strengthen the electricity meters - the request to separate electricity meters - the objection to the bills - and with regard to the [National Water Company] application for the introduction of water meters - the request to inspect the meters - a request Sanitation receipt - objecting to fines. With regard to [mail], in requesting a mailbox - receiving the mailbox key - receiving registered mail - extracting an authorization card for the box - renewing or canceling subscription to the fund - disbursing the amounts deposited in the postal books. Regarding[Security authorities] in reviewing the Emirate and the Human Rights Enforcement Division - Reviewing Police Stations - Reviewing Road Security Command - Reviewing the General Presidency of Intelligence - Reviewing General Investigation - Reviewing Administrative Investigations - Reviewing Criminal Investigation - Reviewing the General Directorate of Prisons - Reviewing the General Directorate of Civil Defense - Review the General Directorate of Border Guard - and its branches and the departments and divisions that follow.

- 2: Representing the company in the councils of partners 'assemblies or boards of directors, attending all founding assemblies of the companies in which it participates or participating in it, attending general assemblies of shareholders and partners' meetings (of all kinds of

ordinary and extraordinary), voting on the proposed decisions in its agendas, issuing decisions and receiving profits in the name of the company and in its favor, and signing On the articles of association of these companies and the minutes of its amendment.

- D) The chairman or his deputy shall have the right to delegate or delegate on his behalf within the limits of his competence any member or more of the board members, the delegated member, the chief executive officer, or others with all or some of his powers, and he has the right to cancel the power of attorney, terminate it, or terminate the mandate. This includes the right to issue legal agencies and / or authorizations from the competent authorities, including notaries and notaries.
- 32-4:** The Board of Directors may appoint a Managing Director from among its members, and it may also appoint a CEO. The Managing Director and / or the Chief Executive Officer, in case they are appointed, shall be concerned with implementing the policy drawn up by the Board of Directors of the company and supervising the work of the company's directors and conducting the day-to-day business of the company to Other competencies and powers that the managing director and / or chief executive officer may authorize from time to time in writing.
- 32-5:** The Board of Directors - by an independent decision - may grant the Chairman of the Board and / or the Managing Director (if appointed) a remuneration in addition to the remuneration prescribed for the members of the Board of Directors stipulated in Article (30) of this bylaw.
- 32-6:** The Board of Directors appoints a secretary chosen by him from among its members or others who is responsible for recording the minutes of board meetings, recording the decisions issued by these meetings and general assembly meetings, and exercising all other functions assigned to him by the board of directors, and his remuneration is determined by a decision from the board.
- 32-7:** The membership of the Chairman of the Board, his deputy, the Managing Director (if appointed) and the Secretary of the Board of Directors does not exceed the period of membership of each of them in the Board, and they may be re-elected and / or appointed, and the Board may at any time dismiss them or any of them without prejudice to their right Whoever is removed from

compensation if the dismissal occurred for an unlawful reason or at an inappropriate time.

**Article No. (33): Meetings of Board of Directors:**

**33-1:** The Board of Directors meets at least two times a year by an invitation from its Chairman, and the chairman of the board must call for the meeting whenever requested by two of the members.

**33-2:** The invitation to the meeting of Board of Directors must be in writing, including the date and place of the meeting, and the invitation may be delivered by hand or sent by e-mail or fax.

**Article No. (34): Board Meeting Quorum:**

**34-1:** A board meeting is not valid unless it is attended by at least half of the members, in presence of by representation, provided that number of attendances is not less than four members.

**34-2:** The decisions of the board are issued by the majority of the opinions of the attending members or their representatives, and when the opinions are equal, the opinion with which the session chair voted is preferred or who head the board in his absence.

**34-3:** It is permissible to hold a meeting of the Board of Directors over the phone or by means of audio-visual communication (remotely), provided that the members of the Board are able to listen and speak to each other, and in this case the Secretary of the Board must send copies of the decisions taken during the meeting to the members of the Board Management to sign.

**Article No. (35): Board Deliberations:**

Deliberations and decisions of the board of directors are proven in minutes signed by the chairman, the members of the board present and the secretary, and these minutes are recorded in a special register signed by the chairman and the secretary.



## **Chapter Five**

### **Shareholders' Associations**

#### **Article No. (36): The location of the association**

The properly formed general assembly represents all shareholders and may not be held except in the city of Riyadh.

#### **Article No. (37): Attending Assemblies:**

Every subscriber, regardless of the number of his shares, has the right to attend the founding assembly, and every shareholder has the right to attend the general assembly of shareholders and has the right to delegate on him another person who is not members of the board of directors or company employees to attend the general assembly.

#### **Article No. (38): Competencies of the constituent assembly**

The constituent assembly is concerned with the matters specified in Article (63) of the Companies Law.

#### **Article No. (39): Functions of Ordinary General Assembly**

With the exception of matters pertaining to the extraordinary general assembly, the ordinary general assembly is concerned with all matters related to the company, and it convenes at least once a year during the six months of the end of the company's fiscal year, and other ordinary general assemblies may be called whenever the need arises.

#### **Article No. (40): Functions of Extraordinary General Assembly**

The extraordinary general assembly has the competence to amend the company's articles of association with the exception of provisions that it is forbidden to amend by law.

### **Article No. (41): Inviting Associations**

**41-1:** General or private assemblies of shareholders shall convene upon an invitation from the Board of Directors in accordance with the companies' law and regulations, and the board of directors must call the ordinary general assembly to convene if the auditor, audit committee, or a number of shareholders representing (5%) of the capital so requests. The auditor may invite the association to convene if the board does not invite the association within thirty (30) days from the date of the auditor's request.

**41-2:** The invitation to hold the general assembly is published in a daily newspaper that is distributed at the company's headquarters twenty-one (21) days at least before the date set for the meeting. However, it is permissible to address the invitation on the aforementioned time to all shareholders by registered letters.

**41-3:** A copy of the invitation and the agenda is sent to the ministry as well as to the authority during the period specified for publication.

### **Article No. (42): Proof of the Shareholders 'Attendance**

When the assembly convenes, a list shall be made of the names of the present shareholders, representatives, and places of residence, with a statement of the number of shares in their possession by origin or agency and the number of votes assigned to it, and everyone who has an interest shall have access to this disclosure.

### **Article No. (43): Quorum for the Ordinary General Assembly meeting**

**43-1** The holding of the Ordinary General Assembly meeting is not valid unless attended by shareholders representing at least a quarter of the company's capital.

**43-2:** If the quorum required for holding the ordinary general assembly meeting as stipulated in Article (43/1) above is not met, then in this case, the right to either:

- 1) To hold the second meeting an hour after the deadline for the first meeting, provided that the invitation to hold the first meeting includes proof of the possibility of holding this meeting; or
- 2) To send an invitation to a second meeting to be held within thirty (30) days following the previous meeting, and this invitation shall be published in the manner stipulated in Article (41) of this bylaw.

In all cases, the second meeting is valid regardless of the number of shares represented in it.

**Article No. (44): Quorum for the Extraordinary General Assembly meeting**

**44-1:** The holding of the extraordinary general assembly meeting is not valid unless attended by shareholders representing at least half of the company's capital.

**44-2:** If the quorum required for holding the extraordinary general assembly meeting stipulated in Article 44/1 above is not met, then in this case, the right to either:

1) Holding the second meeting an hour after the deadline for the first meeting, provided that the invitation to hold the first meeting includes proof of the possibility of holding this meeting; or

2) To send an invitation to a second meeting to be held within thirty (30) days following the previous meeting, and this invitation shall be published in the manner stipulated in Article (41) of this bylaw.

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

**44-3:** If the necessary quorum is not met in the second meeting, an invitation is sent to a third meeting to be held according to the same conditions stipulated in Article 41 of this bylaw, and the meeting is valid regardless of the number of shares represented in it after the approval of the competent authority.

**Article No. (45): Voting in Associations**

Votes in the ordinary and extraordinary general assembly are calculated on the basis of one vote for each share, however the cumulative vote is used to vote for the election of members of the Board of Directors in the general assemblies, and members of the Board of Directors may not participate in voting on the decisions of the association related to absolving them of their liability for the period of their administration Or that relates to a direct or indirect interest to them.

**Article No. (46): Associations' decisions**

Decisions in the Constituent Assembly are issued by the absolute majority of the shares represented in it, and the decisions of the Ordinary General Assembly are issued by the absolute majority of the shares represented in the meeting, and the decisions of the Extraordinary General Assembly are issued by a two-thirds

majority of the shares represented in the meeting, unless it is a decision related to increasing, reducing or prolonging the capital of the company. The company's term or its dissolution prior to the expiration of the period specified in its Articles of Association or its merger with another company, so it is not valid unless it is issued by a three-fourths majority of the shares represented at the meeting.

**Article No. (47): Discussions in Associations**

Every shareholder has the right to discuss the topics on the association's agenda and to 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 the interest of the company is not compromised, and if the shareholder believes that the response to his question is not convincing, he applies to the association and its decision in this regard is enforceable.

**Article No. (48): Presiding over associations and preparing minutes**

The meetings of the general assemblies of the shareholders shall be chaired by the chairman or his deputy in his absence, or by whom the board of directors may delegate from among its members for this in the absence of the chairman and his deputy. A record shall be drawn up at the meeting of the association, including the number of shareholders present or representatives, the number of shares in their possession by originality or agency, the number of votes decided for them and the decisions taken, the number of votes that approved or disagreed with them, a comprehensive summary of the discussions that took place in the meeting, and the recording of minutes regularly after each A meeting in a special register signed by the president of the association, its secretary and the collector.

**Chapter Six: Committees and Governance**

**Article 49: Committees**

**A) The Executive Committee**

The board of directors may appoint from among its members an executive committee whose number is not less than three (3), and the board of directors is determined by a decision of its powers and competencies and the necessary quorum for its meetings, and the board may form committees appropriate to the company's

business and its needs and delegate these committees to what the board deems appropriate in terms of powers.

**B) Audit Committee:**

- 1:** A review committee is formed by a decision of the ordinary general assembly, not from the executive board members, whether from the shareholders or others, provided that the number of its members is not less than three and not more than five. For its meeting to be valid, the attendance of the majority of its members is required, and its decisions are issued by the majority of the votes of those present, and when the votes are equal, the side with which the chairperson voted shall prevail.
- 2:** The resolution of the ordinary general assembly specifies the duties of the committee, its work controls, and the remuneration of its members.
- 3:** The audit committee is responsible for monitoring the company's business, and for this purpose it has the right to view its records and documents and to request any clarification or statement from members of the board of directors or the executive management, and it may request the board of directors to invite the company's general assembly to convene if the board of directors impedes its work or The company sustained heavy damages or losses.
- 4:** The audit committee must review the financial statements of the company and the reports and notes provided by the auditor and express its views on them, if any, and it must also prepare a report on its opinion regarding the adequacy of the internal control system in the company and what it has done of other work that falls within its competence, and the board of directors That a sufficient copy of this report be deposited at the head office of the company at least twenty-one (21) days before the date of the general assembly to provide each of the shareholders with a copy of it, and the report shall be read during the meeting.
- 5:** For a meeting of the review committee to be valid, the majority of its members must be present, and its decisions are issued by the majority of the votes of those present, and when the votes are equal, the side with which the chairperson voted is preferred.

**C) The Nomination and Remuneration Committee**

By a decision of the Board of Directors, a Nomination and Remuneration Committee shall be formed, consisting of three (3) members. The Board's decision

shall specify the duties of the committee, its work controls, and the remuneration of its members, provided that the committee shall undertake the following:

- 1:** Ensure the independence of independent members on an ongoing basis.
- 2:** Preparing the policy for granting rewards, benefits, and incentives for members of the company's board of directors and senior executives, and reviewing them annually, and the committee must verify that the rewards and benefits granted to the company's senior executive management are reasonable and in proportion to the company's performance.
- 3:** Organizing and following up the procedures for nomination for membership of the Board of Directors in accordance with this system, regulations, decisions and instructions in force in the Kingdom.

## **Chapter Seven: The Auditor**

### **Article No. (50): Appointing an Auditor**

The company shall have an auditor (or more) from among the auditors licensed to work in the Kingdom of Saudi Arabia appointed by the Ordinary General Assembly annually, and his remuneration and term of work shall be determined in accordance with the instructions and decisions issued in this regard, and the Ordinary General Assembly may at any time change the auditor with Not to violate his right to compensation if the change occurred at an inappropriate time or for an unlawful reason.

### **Article No. (51): Powers of the Auditor**

The auditor has the right at any time to view the company's books, records and other documents, and he also has the right to request the data and clarifications that he deems necessary to obtain in order to verify the company's assets, obligations and other things that fall within the scope of his work, and the chairman of the board of directors must enable him to perform his duty, and if The auditor encountered difficulty in performing his duty, he proved this in a report submitted to the board of directors. If the board does not facilitate the work of the auditor, he must ask the board of directors to invite the ordinary general assembly to convene to consider the matter.

## **Chapter Eight: Company Accounts and Profit Distribution**

### **Article No. (52): the fiscal year**

The company's fiscal year begins on the first of January and ends at the end of December of each calendar year.

### **Article No. (53): Financial documents**

**53-1:** At the end of every financial year for the company, the board of directors must prepare the company's financial statements and a report on its activities and financial position for the past fiscal year. This report includes the proposed method for distributing profits, and the board places these documents at the disposal of the auditor before the date set for the meeting. The general public, at least forty-five (45) days.

**53-2:** The company's chairman, chief executive officer, and financial director must sign the documents referred to in Article (53/1) above, and a copy of them shall be deposited at the company's headquarters at the disposal of shareholders twenty (21) days before the date set for the general assembly meeting, the least.

**53-3:** The chairman of the board of directors shall provide the shareholders with the company's financial statements, the report of the board of directors, and the auditor's report, unless they are published in a daily newspaper distributed in the company's head office.

**53-4:** The Chairman of the Board of Directors must send a copy of the documents specified in Article (53/3) above to the Ministry and the Authority, at least fifteen days before the date of the General Assembly.

### **Article No. (54): Distribution of Profits**

**54-1:** The annual net profits are distributed as follows:

- 1) (10%) of the net profits are set aside to form the statutory reserve for the company, and the ordinary general assembly may decide to discontinue this deduction when the aforementioned reserve reaches (30%) of the paid capital.
- 2) The Ordinary General Assembly, upon the proposal of the Board of Directors, may set aside a percentage of the net profits to form a general agreement reserve.

- 3) The Ordinary General Assembly may decide to create other reserves to the extent that serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.
- 4) The remainder shall be distributed to the shareholders in a ratio of no less than five (5) percent of the company's paid-up capital.

**54-2:** The general assembly may approve the distribution of profits annually, semi-annually, or quarterly, and the board of directors may be authorized to do so.

**Article No. (55): Entitlement to Profits**

Dividends to be distributed to shareholders shall be paid at the place and dates specified by the Board of Directors in accordance with the regulations and instructions issued by the Capital Market Authority.

**Article No. (56): Dividend Distribution for Preferred Shares**

**56-1:** If no profits are distributed for any financial year, it is not permissible to distribute the profits of the following years except after paying the percentage specified in accordance with the provision of Article (114) of the Companies Law for owners of the shares that are distinguished for this year.

**56-2:** If the company fails to pay the specified percentage in accordance with the provisions of Article (114) of the Companies Law from profits for a period of three consecutive years, then it is permissible for the special association for the owners of these shares held in accordance with the provisions of Article (89) of the Companies Law to decide either:

- 1) They attend the general assembly meetings of the company and participate in voting; or
- 2) Appointing their representatives in the board of directors in proportion to the value of their shares in the capital.

This is until the company is able to pay all the priority dividends allocated to the owners of these shares for previous years.

**Article No. (57): Company losses**

**57-1:** If the company's losses amount to half of the paid-up capital - at any time during the fiscal year - any official in the company or the auditor must immediately inform the chairman of the board of directors, and the chairman of the board must inform the board members immediately of that, on the



board of directors within five Ten (15) days from his knowledge of the losses to invite the extraordinary general assembly to a meeting within forty-five (45) days from the date of his knowledge of the losses, to decide whether to increase or decrease the company's capital in accordance with the provisions of the companies' statute to the extent that the percentage of losses decreases to less than half The paid-up capital, or the dissolution of the company before the term specified in this system.

**57-2:** The company is considered terminated by the force of the companies' law if the general assembly does not meet within the period specified in Article 57/1 above, or if the general assembly meets and is unable to issue a decision on the matter, or if the general assembly decides to increase the capital according to the established conditions In this article, the entire capital increase has not been subscribed within (90) ninety days from the date of the association's decision to increase it.

## **Chapter Nine: Disputes**

### **Article No. (58): The liability claim**

Each shareholder has the right to file the liability lawsuit established for the company against the members of the Board of Directors if the mistake made by them would cause harm to him, and the shareholder may not file the aforementioned lawsuit unless the company's right to file it is still valid, and the shareholder must inform the company of his intention To file the lawsuit.

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

### **Article No. (59): Termination of the company**

**59-1:** Upon its expiration, the company enters the role of liquidation and maintains legal personality to the extent necessary for liquidation, upon the issuance of the voluntary liquidation decision by the extraordinary general assembly.

**59-2:** The liquidation decision must include the appointment of the liquidator and specify his powers, fees, restrictions imposed on his powers, and the time period required for liquidation.

**59-3:** The period of voluntary liquidation must not exceed five years, and it may not be extended to more than that except by a court order.

**59-4:** The authority of the company's board of directors ends with its dissolution, yet they remain in charge of managing the company and are counted in relation to others as liquidators until the liquidator is appointed. Shareholders' associations remain in place during the liquidation period and their role is limited to exercising their competencies that do not conflict with those of the liquidator.

## **Chapter Eleven: Final Provisions**

### **Article No. (60): Applicable Law**

The companies' law and its bylaws are applied in everything that is not stipulated in this bylaw.

### **Article No. (61): Publication**

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