



SAUDI INDUSTRIAL DEVELOPMENT COMPANY "SIDC"

(A LISTED PUBLIC STOCK COMPANY)

ARTICLES OF ASSOCIATION



## CHAPTER ONE: INCORPORATION OF THE COMPANY

### Article (1): Incorporation

Incorporated in accordance with the provisions of the Companies Law, issued by Royal Decree (M/132) dated 01/12/1443 AH and its executive regulations issued by the decision of H.E the Minister of Commerce No. (284) dated 23/06/1444 AH as a Saudi Joint-Stock Company in accordance with the following:

### Article (2): The Company's Name

Saudi Industrial Development Company “SIDC” (A listed Saudi joint-stock company).

### Article (3): Company Purposes

3/1: Manufacturing Industries.

3/2: Construction.

3/3: Wholesale and Retail Trade, Motor Vehicles and Motorcycles Repair

3/4: Transportation and Storage.

3/5: Financial Activities and Insurance Activities.

3/6: Administrative and Support Services.

3/7: Professional, Scientific, and Technical Activities.

3/8: Real Estate Activities.

### Article (4): Partnership in and Ownership of Companies

The Company shall have the right to set up companies by itself, whether limited liability companies, closed joint-stock companies, simplified joint-stock companies, or any other legal entity or structure. It may own shares in existing companies, merge with them, or be merged into them, and may partner with others in establishing joint-stock companies, limited liability companies, or any other legal entity or structure, whether inside or outside the Kingdom of Saudi Arabia, outside it, or in free zones, if it complies with the applicable laws and regulations. Moreover, the Company may dispose of these shares, provided it will not act as a broker.

### Article (5): The Company Head Office

**The Company's Head Office** is in the city of Jeddah. The Company may, by a decision of the Extraordinary General Assembly change its head office to any other city in the Kingdom of Saudi Arabia, and by a decision of the Board of Directors may open branches, offices, or agencies inside or outside KSA or in Duty Free Zones.

### Article (6): The Company's Term of Existence

Indefinite term of existence, starting from the date of its registration in the commercial register.

## CHAPTER TWO: CAPITAL AND SHARES

### Article (7): The Capital

The Company's Capital is an amount of One Hundred Thirty-Five Million Saudi Riyals (135,000,000) divided into Thirteen Million Five Hundred Thousand (13,500,000) shares of equal nominal value. The value of each share is Ten (10) Saudi Riyal fully paid-up with all shares of normal type.

### Article (8): Share Subscription

Shareholders subscribed to the entire issued share capital of the Company, amounting to 13,500,000 (thirteen million five hundred thousand) fully paid shares.

### Article (9): Preferred Shares and Redeemable Shares

9/1: The Extraordinary General Assembly of the Company may, in accordance with the principles and regulations set by the competent authority, issue preferred shares or redeemable shares, or decide to purchase or convert them. It may also convert ordinary shares into preferred shares or convert preferred shares into ordinary shares, as well as convert any type or class of shares into another type or class.

9/2: Preferred shares shall not grant the right to vote in the General Assemblies of shareholders. These shares entitle their holders to receive a higher percentage of the Company's net profits, after setting aside reserves (if any), in comparison to holders of ordinary shares.

9/3: The Company may purchase its own ordinary, preferred, or redeemable shares in accordance with what is decided by the General Assembly and the regulations set by the competent authority.

### Article (10): The Selling of Un-paid Shares

10/1: A shareholder shall pay the value of the share in the specified period. If a shareholder fails to pay on due day, the Board of Directors after notifying such shareholder via publication in a daily newspaper, by registered mail, on the Saudi Stock Exchange website (Tadawul), through disclosure mechanisms of listed joint-stock companies **approved by the competent authority, the Company's website, email, or any modern technology means**, sell the share through public auction or on the Capital Market, in accordance to the regulations set by the competent authority. Other shareholders may have priority in purchasing the shares of the defaulting shareholder.

10/2: The Company shall collect the amounts owed to it from the proceeds of the sale and return any remaining amount to the shareholder. If the sale proceeds are insufficient to cover these amounts, the Company may recover the remaining balance from all the shareholder's assets.

10/3: The rights associated with shares that have not been paid for by the due date shall be suspended until they are sold, or the outstanding payment is made in accordance with paragraph 10/1 of this article. These rights include the right to receive a share of the net profits that are decided to be distributed and the right to attend and vote at General Assemblies. However, the defaulting shareholder may, until the date of sale, pay the owed amount plus any expenses the Company incurred in this regard. In such a case, the shareholder has the right to request the profits that have been decided to be distributed.

10/4: The Company shall cancel the share certificate of the sold share in accordance with the provisions of this article and issue a new certificate to the buyer with the same number. The sale shall be recorded in the shareholders' register, and the necessary details of the new owner will be included.

#### Article (11): The Issuance of Shares

- 11/1: Shares shall be nominal. It is not permissible to issue shares at a value less than their nominal value; however, they may be issued at a value higher than the nominal value. In such cases, the value difference (share premium) shall be added to a separate item **under shareholders' equity and must be used in accordance with the regulations set by the competent authority.** This amount may not be distributed as profits to shareholders.
- 11/2: A share shall be indivisible in relation to the company. If multiple people jointly own a share, they must appoint one person to represent them in exercising the rights associated with the share. All joint owners shall be jointly liable for obligations arising from the ownership of the share.
- 11/3: Shares may be split into shares of a lower nominal value or consolidated into shares of a higher nominal value, in accordance with the regulations set by the competent authority.

#### Article (12): Shareholders Register

Company shares are traded in accordance with the provisions and regulations of the Capital Market.

#### Article (13): **Purchasing or Selling or Mortgaging Company's** own Shares

- 13/1: The Company may purchase its ordinary, preferred, or redeemable shares and/or pledge them and/or mortgage them and/or sell them in one or more stages, in accordance with the regulations set by the competent authority and in accordance with the relevant contracts and agreements.
- 13/2: The Company may buy its shares for the purpose of allocating them to its employees as part of the Employees Share Program, in accordance with the terms and conditions set by the competent authorities.

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

- 14/1: The Extraordinary General Assembly may issue a resolution to increase issued or authorized Company capital (if any) provided that the capital has been fully paid. However, it is not required that the entire portion be paid if the unpaid portion of the capital related to shares issued in exchange for the conversion of debt instruments or financial securities into share and the conversion period has not yet expired.
- 14/2: The Extraordinary General Assembly has the right (in all cases) to allocate the issued shares when increasing capital, or part of them, to the employees of the Company or its subsidiaries, or some of them, or any part thereof. Shareholders are not allowed to exercise their preemptive rights when the Company issues shares designated for the employees.
- 14/3: The shareholder who owns the share at the time the Extraordinary General Assembly issued approving the increase in the issued capital, or the decision of the Board of Directors approving the increase within the limits of the authorized capital (if any), shall have preemptive right in subscribing to the new shares issued against cash contributions. These shareholders will be notified of their preemptive right through publication in a daily newspaper, by registered letter, via the Saudi Stock Exchange (Tadawul) website, or through disclosure mechanisms approved by the relevant authority for listed joint-

stock companies, or through the Company's website, email, or any other modern communication method. This notification will include the decision to increase capital, subscription conditions, subscription period, and its start and end dates.

- 14/4: The Extraordinary General Assembly shall have the right to suspend the preemptive rights of shareholders in subscribing to the increase in capital in exchange for cash contributions or grant the preemptive rights to non-shareholders in cases deemed to be in the best interest of the Company.
- 14/5: A shareholder may, in accordance with the regulations set by the concerned authorities, sell or assign the preemptive right during the period starting from the date of issue of capital increase resolution to the last date of subscription to the new shares.
- 14/6: Subject to the provisions of clause (14/4) above, the new shares shall be allocated to the holders of preemptive rights who have requested to subscribe, in proportion to the number of preemptive rights they hold out of the total preemptive rights resulting from the capital increase, provided that the amount they receive does not exceed the number of new shares they requested. The remaining new shares shall be distributed to the holders of preemptive rights who requested more than their share, in proportion to the number of preemptive rights they hold out of the total priority rights resulting from the capital increase, provided that the amount they receive does not exceed the number of new shares they requested. Any remaining shares shall be offered to others unless The Extraordinary General Assembly or Capital Market regulations stipulate otherwise.

#### Article (15): Decrease of Capital

- 15/1: The Extraordinary General Assembly may decide on a decrease in capital if it proves to exceed the Company needs or if the Company sustains losses, and only in the latter case Company capital may be decreased to less than the limits specified in the Companies Law. The decrease decision shall not be issued unless a statement prepared by the Board of Directors, outlining the reasons for the decrease, the Company's obligations, and the impact of the reduction on fulfilling these obligations, is read in the General Assembly and a report from the **Company's auditor must be attached regarding** this statement.
- 15/2: In case decrease of capital is due to exceeding the Company's needs, creditors must be invited to submit any objections – if any – to the decrease at least forty-five (45) days prior to the scheduled date of the Extraordinary General Assembly meeting to decide on the decrease. The invitation must include a statement detailing the amount of capital before and after the decrease, the meeting date, and the effective date of the decrease. If any creditor objects to the decrease and submits their documents to the Company within the specified period, and after the Company validates the debt, the Company must settle the debt if it is due or provide sufficient security for its payment if it is deferred.
- 15/3: It is necessary to ensure equality among shareholders holding shares of the same type and class when decreasing capital.

### CHAPTER THREE: INSTRUMENTS OF DEBTS AND SUKUK

#### Article (16): Issuance of Instruments of Debts & Sukuk

- 16/1: The Company may issue instruments of debts and financing Sukuk that are convertible and indivisible in accordance with stipulations of the Companies Law.
- 16/2: The Company may, by a decision of the Extraordinary General Assembly, in accordance with the Capital Market Law and other relevant regulations and rules, issue any type of tradable debt instruments, whether in Saudi Riyals or other currencies, within or outside the Kingdom, such as bonds and sukuk. The Extraordinary General Assembly may authorize the Board of Directors to issue these debt instruments, including bonds, sukuk, or any other debt instruments, whether issued simultaneously or through a series of issuances, or through one or more programs established by the Board of Directors from time to time. All of this shall be done at the times, in the amounts, and under the terms approved by the Board of Directors, which has the right to take all necessary actions in this regard.
- 16/3: The Company may issue debt instruments or convertible financing sukuk that can be converted into shares, following a decision from the Extraordinary General Assembly, which specifies the maximum number of shares that can be issued in exchange for those instruments or sukuk. These instruments or sukuk may be issued either simultaneously, through a series of issuances, or through one or more programs for issuing debt instruments or financing sukuk. The Board of Directors may issue new shares in exchange for those instruments or sukuk that their holders request to convert, without the need for new approval from the Extraordinary General Assembly, once the conversion request period for the holders of those instruments or sukuk has ended. The Board will take the necessary steps to amend the **Company's bylaws with respect to the number of shares** issued and the capital. The Board of Directors must complete the procedures for any increase in capital in the manner specified in these regulations for notifying the decisions of the Extraordinary General Assembly.

### CHAPTER FOUR: THE BOARD OF DIRECTORS

#### Article (17): Company Management

The Company is managed by a board of directors consisting of (10) members who must be natural persons. They are elected by the Ordinary General Assembly for (3) years and may be re-elected for another or more terms.

#### Article (18): Board Membership Expiration

- 18/1: The membership of the Board ends either upon the expiration of its term or upon the member's eligibility ending according to any applicable laws or regulations 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 dismissed member's right to claim compensation from the Company if the dismissal is for an unacceptable reason or at an inappropriate time. In this case, the Ordinary General Assembly must elect a new Board of Directors or appoint someone to replace the dismissed member, as applicable. A Board member may also resign, provided that the resignation occurs at an appropriate time; otherwise, the member will be held responsible to the Company for any damages caused by the resignation.

18/2: The General Assembly may, based on a recommendation from the Board, terminate the membership of any member who has been absent from three consecutive meetings or five separate meetings during their membership period without a valid excuse accepted by the Board of Directors.

#### Article (19): Board Vacancy

19/1: The Board of Directors must, before the end of its term, call the Ordinary General Assembly to convene for the election of a new Board of Directors for the next term. If the election cannot be conducted and the current Board's term ends, its members shall continue to perform their duties until a new Board of Directors is elected, provided that the duration of their continued service does not exceed the period specified by the relevant regulations.

19/2: If the Chairman and members of the Board of Directors resign, they must call for the convening of the Ordinary General Assembly to elect a new Board of Directors. The resignation shall not take effect until the new Board is elected, and the duration of the continued service of the resigned Board will not exceed the period specified by the relevant regulations.

19/3: A member of the Board of Directors may resign by submitting a written notice addressed to the Chairman of the Board. If the Chairman resigns, the notice must be addressed to the other members of the Board and the Secretary of the Board. The resignation shall be effective in both cases from the date specified in the notice.

19/4: If a position on the Board of Directors becomes vacant due to the death, dismissal, resignation, or any other reason, and this vacancy does not affect the quorum required for the Board's meeting validity due to a shortage of members, the Board may temporarily appoint a replacement with the necessary experience and competence. The appointment must be reported to the relevant authorities within the specified timeframes and presented to the Ordinary General Assembly for approval at its first meeting. The appointed member will complete the remaining term of the predecessor. Alternatively, the vacant position(s) may remain unfilled until the end of the term or until the General Assembly is called to appoint a new member to the vacant position.

19/5: If the conditions required for the valid convening of the Board of Directors are not met due to a shortage in the number of members below the minimum specified in the Companies Law or these bylaws, the remaining members must call the Ordinary General Assembly to convene within the period specified by the competent authority to elect the necessary number of members.

#### Article (20): Powers of the Board

20/1: Taking into consideration 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, and for this purpose may, without limitation, perform the followings:

20/1/1: Representing the Company before all banks, financial institutions, funds, credit and financing bodies, and financial markets, including but not limited to the Saudi Arabian Monetary Authority, the Saudi Industrial Development Fund, the Capital Market Authority, and the Saudi Stock Exchange (Tadawul), with the authority to take all actions and procedures related to these entities, including their initiation and completion, and such actions may include the following:



1. Approval and signing of all letters, agreements, and contracts of various types and forms, whether related to opening bank accounts for the Company (of all types), closing them, suspending, freezing, updating, or reactivating them, or those related to requesting and obtaining all facilities and loans, regardless of their value or duration (including loans exceeding three (3) years in duration), or restructuring, settling, canceling, or waiving them, or anything related to guarantees, pledges, their release, renewal, or cancellation, or those pertaining to investment and financial portfolios, credit, treasury, and dealings with treasury products.
2. The right to manage bank accounts, including withdrawing, depositing, receiving, transferring, electronic banking operations, signing, approving signatures, and issuing authorizations.
3. Requesting, approving, entering into, withdrawing, depositing, issuing, linking, canceling, terminating, accepting, waiving, renewing, receiving, and signing term deposits or any deposits of a special nature, as well as all commercial bonds, guarantees, letters of credit, and all types of bonds.
4. Granting, guaranteeing, and securing loans and financial facilities for subsidiaries or companies in which the Company directly or indirectly participates or has an interest, and allowing those companies to use and benefit from all or part of the loans and financial facilities granted to the Company.
5. Providing financial and/or technical and/or administrative support to any of its subsidiaries or companies in which it directly or indirectly participates or has an interest.

20/1/2: Investing the Company's funds in stocks, bonds, and real estate.

20/1/3: Opening investments portfolios in stocks on behalf of the Company, managing them and trading in local and global financial markets through buying, selling, holding, pledging, borrowing in its name, and releasing the pledge.

20/1/4: Creating, drafting, signing, endorsing, and accepting all commercial papers required for the company's operations, including checks, promissory notes, and bills of exchange, as well as the right to receive returned checks.

20/1/5: Contracting committing, entering into, signing, notarizing, registering, and terminating all contracts and agreements, including those related to consultancy and professional service providers, commercial agencies, distribution, franchising, usufruct, purchases, supply, sale, purchase, leasing, and installment agreements for all movable and immovable assets of the Company, including land, real estate, factories, buildings, equipment, machinery, Company assets, shares, stakes, and others.

20/1/6: Entering into public and private tenders and competitions, purchasing their documents, submitting bids, competing, accepting the award, and signing their contracts, or rejecting or cancelling them

20/1/7: Managing the Company's movable assets such as shares, stocks, vehicles, equipment, devices, furniture, and others, as well as immovable assets like real estate, land, buildings, and factories owned by the Company, and approving the social responsibility provisions and donations.

20/1/8: Regarding [land and/or real estate and/or factories and/or buildings and/or equipment and/or machinery and/or vehicles and/or Company assets (wholly or partially) and/or shares and/or stakes and/or business premises and/or trademarks, intellectual property rights, and other movable and immovable assets], they have the right to sell, transfer ownership, receive payment, purchase, accept transfer of



ownership, and pay the price, exchange, accept gifts and transfers of ownership, accept assignments and transfers, pledge, accept pledges, release pledges, consolidate deeds, subdivide and separate deeds, update deeds, enter them into the comprehensive system, receive deeds, issue a set of replacement deeds for lost ones, issue a set of replacement deeds for damaged ones, waive any deficiency in area, **modify the owner's name and civil registry number, update the boundaries, lengths,** area, plot numbers, plans, deeds, dates, and neighborhood names, lease, sign lease contracts, renew lease contracts, receive rent, and cancel or terminate lease agreements.

20/1/9: Absolving the Company's debtors from their obligations and/or debts and/or amounts owed to the Company and/or movable and/or immovable assets.

20/1/10: The Board of Directors may, by its decision, form an appropriate number of committees and/or task forces according to the **Company's** needs. It has full authority to determine their scope of work, duration, tasks, powers, procedures, and regulations, as well as appointing and dismissing their members, determining their remuneration, and setting up mechanisms to monitor the work of these committees.

20/1/11: The Board of Directors may appoint a Chief Executive Officer (CEO), determine his responsibilities, tasks, remuneration, privileges, and other terms and conditions of appointment. It has the right to terminate his services, rescind his contract, accept his resignation, and make and sign all decisions related to him. In the event of his appointment, the CEO shall implement the policies set by the Board of Directors and supervise the work of the Company's managers, manage the Company's daily operations, and perform other duties and powers granted to him by the Board of Directors in writing from time to time.

20/1/12: The Board of Directors may provide loans and guarantees of any kind that the Company grants to its employees in accordance with incentive programs.

20/2: The Board of Directors has the right to delegate or authorize one or more of its members or third parties, within the scope of its powers and authorities, to perform specific tasks or activities, and to grant them the right to further delegate or authorize others.

#### Article (21): Remuneration of Members of Board of Directors

The remuneration of Board members for their work shall consist of a specified amount, attendance fees for meetings, reimbursement of expenses, in-kind benefits, or a percentage of the net profits. It is permissible to combine two or more of these benefits in accordance with the policy on Board members' and committees' remuneration and the executive management's policy, as approved by the General Assembly of shareholders. The remuneration will be disbursed in accordance with the decisions of the Board of Directors or its specialized committees. A member may also be entitled to remuneration for any additional executive, technical, administrative, or consulting positions held within the Company, based on a professional license, in addition to the remuneration they receive as a Board member or committee member.

The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the remuneration, attendance fees, and other benefits each Board member received or is entitled to receive during the fiscal year. It should also include details on what Board members receive in their capacity as employees, administrators, or for technical, administrative, or consultancy work. Furthermore, the report must include information on the number of Board meetings held and the number of meetings attended by each member since the last General Assembly meeting.



Article (22): Authorities of Chairman, Vice Chairman and Secretary of Board

22/1: The Board of Directors shall elect a Chairman and a Vice Chairman from among its members. It may also appoint a Managing Director and/or Chief Executive Officer. The position of Chairman of the Board and any executive position within the Company may not be held concurrently by the same individual.

22/2: Powers and Authorities of the Chairman and the Managing Director

In addition to the powers that may be granted by the Board of Directors from time to time to the Chairman of the Board or the Managing Director, the Chairman and the Managing Director, either jointly or separately, both within and outside the Kingdom, shall have the following powers:

- A. Regarding Legal Matters: Representing the Company before the courts, arbitration bodies, and others.
- B. Regarding the Company's Relations with Third Parties: Representing the Company in its relations with third parties and before all authorities (governmental and non-governmental) with various designations and jurisdictions, including ministries, government and administrative agencies, authorities, institutions, companies, and other related departments, branches, and divisions. They are also authorized to review all related entities and complete all necessary procedures, sign documents, and handle receipt and delivery, including, but not limited to, the following:

Regarding [Commercial Registrations]: Reviewing the Commercial Registration Department, Issuing and renewing commercial registrations, transferring commercial registrations, Reserving the trade name, Registering and publishing trademarks and commercial agencies and transferring ownership, Opening and renewing Chamber of Commerce memberships, signing all documents at the Chamber of Commerce, Managing commercial registrations, Approving and canceling signatures at the Chamber of Commerce, Supervising and modifying registrations, Adding business activities, opening branches, and canceling registrations, Issuing establishment certificates and applying for customs exemptions, Registering for e-services at the Chamber of Commerce and activating services, Reviewing social insurance, General Authority for Zakat and Tax, and Civil Defense.

Regarding [Labor Office]: Issuing and canceling visas/ Receiving compensation for visas/ Transferring sponsorships/ Modifying occupations and updating worker data/ Terminating and canceling worker contracts/ Reporting runaway workers and canceling such reports/ Issuing and renewing work permits/ Completing workers' social insurance procedures/ Reviewing labor office systems to add or remove employees/ Managing Saudi employees and obtaining Saudization certificates/ Opening, renewing, and canceling labor files/ Extracting worker data and reports (printout)/ Reviewing private recruitment offices for labor importation.

Regarding [Passport Office]: Issuing and renewing residency permits/ Issuing replacement residency permits for lost or damaged documents/ Handling exit and re-entry visas/ Issuing final exit visas/ Transferring sponsorships and updating information/ Settling workers and transferring them/ Modifying professions and reporting runaway workers/ Canceling exit and re-entry visas/ Extracting visas for travel, extending visit visas, and managing deceased workers' paperwork/ Issuing worker data reports and terminating employment.



Regarding [Municipalities and Trusts]: Opening stores and issuing, renewing, or canceling licenses/ Transferring licenses and obtaining construction or renovation permits/ Extracting demolition licenses and reviewing urban planning/ Issuing completion certificates for construction projects.

Regarding [Vehicles]: Importing vehicles and heavy equipment, customs clearance, and issuing vehicle license plates/ Reviewing the Ministry of Transport to obtain operating cards for vehicles.

Regarding [Customs Authority]: Clearing goods, conducting inspections, paying customs fees, and receiving clearance certificates/ Modifying or issuing replacement customs cards for lost or damaged ones.

#### C. Regarding Companies:

1. The formation of companies, entering into or exiting from existing companies, participating, investing, acquiring, merging, modifying, and signing their foundation contracts, as well as all amendments, decisions, and modifications related to these companies, regardless of their type or the content of these amendments. This includes modifications to the management clause, determining, increasing, or reducing the capital, buying, selling, or transferring shares or stakes—whether fully or partially—and accepting transfers, share or bond transfers, and modifying Company objectives, transforming companies, and other related amendments. It also includes the cancellation of foundation contracts, modification annexes, and signing them before notaries and publication. The Chairman has the right to appoint and dismiss managers, settle prices, receive values and profits, and request, accept, and negotiate the public or private offering of shares and stakes owned by the Company. Additionally, the Company can register, liquidate, or de-register companies, and review them with the General Authority for Investment and the Capital Market Authority and sign on their behalf.
2. Representing the Company or appointing its representatives in managing any of its subsidiaries or associated companies, whether directly or indirectly. This includes attending meetings of boards of directors, management boards, founding meetings, and general assemblies (both regular and extraordinary), voting on behalf of the Company, and signing resolutions and meeting minutes. This also includes signing the Company's articles of association and its amendments.

#### D. Appointment and Employment:

Appointing employees and workers of the Company, signing employment contracts, determining the scope of their work, their duties, responsibilities, salaries, allowances, and other terms and conditions of employment. The Chairman or the Managing Director has the authority to terminate their services, dissolve their contracts, accept their resignations, and take and sign all decisions related to employees.

- 22/3: The Chairman of the Board or the Managing Director, either together or separately, have the right to delegate or authorize, within their authority and powers, any board member, CEO, or third party to carry out all or part of their duties, and they also have the right to cancel or revoke such delegation or authorization. This includes issuing legal powers of attorney and/or authorizations from the relevant authorities, including notaries and other legal officials.
- 22/4: The Board of Directors may, by independent resolution, grant the Chairman of the Board, Vice Chairman, or Managing Director a bonus in addition to the remuneration specified for Board members in Article (21) of this regulation.
- 22/5: The Board of Directors appoints a secretary (or Secretary-General) for the Board, chosen from among its members or from outside. This person is responsible for recording the minutes of Board meetings, documenting resolutions, and signing them alongside the Chairman and other members, as well as following up on the execution of decisions and maintaining records. The Board also determines the secretary's remuneration.
- 22/6: The membership of the Chairman, Vice Chairman, Managing Director, and Secretary (if also a Board member) does not extend beyond their membership term on the Board. They may be reappointed at any time, and the Board may dismiss them or any of them without prejudice to the right of compensation if the dismissal is for an improper or untimely reason.

#### Article (23): Board Meetings

- 23/1: The Board of Directors meets upon the invitation of the Chairman or a representative in case of his absence. The invitation includes the agenda, and it may be sent to members by registered mail or modern technological means. Meetings are held at the Company's headquarters or another location as determined by the Chairman or their representative in case of absence. Meetings can also be held using modern technological means. The Board may invite any individuals whose expertise or information is needed without granting them the right to vote. The Chairman or their representative must invite the Board to meet if requested by a member to discuss one or more topics. The number of meetings should be sufficient to meet the Company's **needs while adhering to regulatory requirements**.
- 23/2: The Board may issue resolutions by circulation on urgent matters unless one member requests a written meeting for discussion. Resolutions issued in this manner must be ratified at the next regular meeting.

#### Article (24): Quorum for Board Meetings

- 24/1: A Board meeting is valid only if attended by at least half of the members, whether in person or by proxy. A Board member may participate in meetings using technological means and shall be considered present in person. A member may appoint another member to attend the meeting on their behalf, under the following conditions:
1. No member may represent more than one member at a meeting.
  2. The proxy must be in writing for a single meeting.
  3. The proxy cannot vote on decisions that the principal member is prohibited from voting on.
- 24/2: Resolutions of the Board are adopted by the majority of the members present, whether **in person or by proxy. In case of a tie, the Chairman's opinion is decisive.**
- 24/3: A resolution of the Board takes effect from the date of its adoption, unless otherwise specified or contingent upon certain conditions.

#### Article (25): Board Deliberations

Deliberations and decisions of the Board are recorded in minutes, signed by the Chairman of the meeting, attending members, and the Secretary. These minutes are documented in a special record, which is also signed by the Chairman and Secretary. The use of modern technological means for signing, documenting deliberations, and recording the minutes is allowed.

### CHAPTER FIVE: SHAREHOLDERS ASSEMBLIES

#### Article (26): Shareholders' Rights and Attendance at General Meetings

26/1: Shareholders are entitled to all the rights associated with the share, including, in particular, the right to receive a share of the profits that are decided to be distributed, **the right to receive a portion of the Company's assets upon liquidation, the right to attend shareholders' meetings, participate in their deliberations, and vote on their decisions, the right to transfer shares, the right to monitor the actions of the Board of Directors, file liability claims against Board members, and the right to inquire and request information, provided it does not harm the Company's interests or contradict the regulations of the Capital Market Authority and its executive regulations.**

26/2: Each shareholder has the right to attend the General Assembly meeting and may appoint someone else, excluding Board members, to attend the meeting on their behalf.

26/3: The General Assembly of shareholders shall convene at the Company's headquarters, or any other location as determined by the Chairman of the Board or their representative in case of absence. Meetings of the General Assembly, including special ones, may be held using technological means, allowing shareholders to participate in discussions and vote on decisions remotely.

#### Article (27): Powers of the Ordinary General Assembly

Except for matters assigned to the Extraordinary General Assembly, the Ordinary General Assembly is responsible for all Company-related matters. It must convene at least once a year, within the six months following the end of the **Company's fiscal year. Additional Ordinary General Assemblies may be called whenever necessary.**

#### Article (28): Powers of the Extraordinary General Assembly

The Extraordinary General Assembly is responsible for amending the Company's **articles of association, except for matters prohibited by law. It may issue decisions on matters within the powers of the Ordinary General Assembly, under the same conditions and procedures.**

#### Article (29): Inviting General Assemblies

29/1: General and special shareholder meetings are convened by the Board of Directors. The Board is required to convene the Ordinary General Assembly if requested by the auditors or one or more shareholders representing at least 10% of the voting shares. If the Board **fails to do so within 30 days of the auditor's request, the auditor may invite for the meeting.**

29/2: Invitations for the General Assembly should be published in a daily newspaper, on the Saudi Stock Exchange website (Tadawul), or via other approved disclosure channels for listed companies, at least 21 days before the meeting. Invitations may also be sent via registered mail, email, or other technological means.

#### Article (30): Assemblies Attendance Register

Shareholders wishing to attend a General Assembly or Special Assembly Meeting must register their names at the location where the meeting will take place before the scheduled time. The Company may also allow shareholders to register and vote electronically whenever possible.

#### Article (31): Quorum for the Ordinary General Assembly Meeting

The meeting is valid only if shareholders holding at least one-quarter of the voting shares are present. If the required quorum is not met, one of the following options should be pursued:

1. **A second meeting can be held one hour after the first meeting's scheduled time, provided** the invitation to the first meeting indicates the possibility of this second meeting.
2. A new invitation may be issued for a meeting to be held within 30 days of the first, following the procedures specified in Article (29) stipulated herein.

In all cases, the second meeting shall be valid regardless of the number of shares with voting rights represented at it.

#### Article (32): Quorum for the Extraordinary General Assembly Meeting

32/1: The meeting is valid only if shareholders representing at least half of the voting shares are present. If the required quorum is not met, the following options apply:

1. **A second meeting may be held one hour after the first meeting's scheduled time,** with the invitation to the first meeting indicating the possibility of this second meeting.
2. A new invitation may be issued for a meeting within 30 days, following the procedures in Article (29).

In all cases, the second meeting will be valid if at least one-quarter of the voting shares are represented.

32/2: If the quorum is not met for the second meeting, a third meeting may be called, following the same procedures in Article (29) stipulated herein, and the meeting will be valid regardless of the number of voting shares present, after obtaining approval from the relevant authority.

#### Article (33): Voting in General Assemblies Meetings

Each shareholder has one vote per share in both the Ordinary and Extraordinary General Assemblies. Cumulative voting must be used in electing the Board of Directors, ensuring that no shareholder can vote more than once for the same share. Board members may not vote on decisions that relate to contracts or matters where they have a direct or indirect interest, or if there is a conflict of interest.

#### Article (34): Resolutions of the Assemblies

Resolutions of the Ordinary General Assembly are passed by a simple majority of the voting rights represented at the meeting.

Resolutions of the Extraordinary General Assembly are passed by a two-thirds majority of the voting rights represented at the meeting, unless the resolution concerns capital increases, decreases, extending the Company's duration, dissolution, merger with another company, or division into multiple companies. In these cases, a three-quarters majority is required.

#### Article (35): Discussions in General Assemblies Meetings





Each shareholder has the right to discuss the items on the meeting's agenda and ask questions to the Board members and auditors. The Board or auditors must answer questions to the extent that it does not harm the Company's interests. If a shareholder finds the response inadequate, they may appeal to the assembly, whose decision will be final.

#### Article (36): Chairing Meetings and Preparing Minutes

Meetings of the General Assembly are chaired by the Chairman of the Board, or by the Vice Chairman in their absence, or by a representative appointed by the Board in the absence of both. The Chairman appoints the Secretary (or Secretary-General) and a vote collector for the meeting. A minute's document is created detailing the number of shareholders present or represented, the number of shares they hold, the number of votes assigned, the decisions made, and a summary of the discussions. The minutes are recorded regularly after each meeting in a special register, signed by the Chairman and Secretary.

### CHAPTER SIX: ACCOUNTS AUDITOR

#### Article (37): Appointment of Auditor

The Company must have an auditor (or more) from among the auditors licensed to work in the Kingdom, appointed by the Ordinary General Assembly. The auditor's remuneration and term of office are to be determined, and the assembly may re-appoint them according to the regulations specified in the relevant laws. The assembly also has the right to change the auditor at any time, without prejudice to the auditor's right to compensation if the change occurs at an inappropriate time or for an unjustifiable reason.

#### Article (38): Powers of the Auditor

The auditor has the right to access the Company's documents, accounting records, supporting documents, and any other related documents at any time. The auditor may also request the data and clarifications they deem necessary to verify the Company's assets, liabilities, and anything else within their scope of work. The board of directors must enable the auditor to perform their duties. If the auditor encounters difficulties in this regard, they must document this in a report presented to the board. If the board does not facilitate the auditor's work, the auditor must request that the board call the Ordinary General Assembly to consider the matter.

### CHAPTER SEVEN: COMPANY'S ACCOUNTS AND PROFIT DISTRIBUTION

#### Article (39): Financial Year

The financial year of the Company is twelve calendar months, starting on the first of January and ending at the end of December of each Gregorian year.

#### Article (40): Financial Documents

40/1: The Board of Directors must, at the end of each financial year of the Company, prepare the Company's financial statements and a report on its activities and financial position for the past financial year. This report should include the proposed method for profit distribution. The board must make these documents available to the auditor at least forty-five (45) days before the scheduled date of the general assembly meeting.

- 40/2: The Chairman of the Board of Directors, or their authorized representative, the CEO, or the Managing Director, and the Chief Financial Officer must sign the documents mentioned in Article 40/1 above. A copy of these documents must be deposited at the Company's main office for the shareholders' review.
- 40/3: The Chairman of the Board of Directors, or their authorized representative, must publish the Company's financial statements, the auditor's report, and the board's report for the relevant year in a daily newspaper, the Saudi Stock Exchange (Tadawul) website, or through disclosure mechanisms approved by the relevant authorities for listed companies. The documents should also be posted on the Company's website or through any modern technological means. Additionally, the relevant authorities must be provided with copies of these documents at least twenty-one (21) days before the scheduled date of the general assembly meeting.

#### Article (41): Distribution of Profits and Formation of Reserves

- 41/1: The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting reserves, if any.
- 41/2: The Ordinary General Assembly, based on a proposal from the Board of Directors, may allocate a percentage of net profits to form a general statutory reserve.
- 41/3: The Ordinary General Assembly may decide to form other reserves to the extent that it serves the Company's interest or ensures the distribution of fixed dividends to shareholders as much as possible. The said Assembly may also deduct amounts from net profits to establish social institutions for the Company's **employees or to support existing** such institutions.
- 41/4: The Ordinary General Assembly may decide, based on a proposal from the Board of Directors, to distribute the remaining amount (if any) to shareholders in the form of 5% of the Company's paid-up capital.
- 41/5: Without prejudice to the provisions set forth in Article (21) of this system, the General Assembly may allocate, from the said amounts, bonuses for the members of the Board of Directors.
- 41/6: The Ordinary General Assembly may decide, based on a proposal from the Board of Directors, to distribute the remaining amount (if any) to shareholders as an additional share of the profits.
- 41/7: The Company may distribute interim profits to its shareholders on a semi-annual or quarterly basis, according to the regulations issued by the competent authority. This shall be based on a mandate from the Ordinary General Assembly to the Board of Directors to distribute interim profits.

#### Article (42): Dividend Entitlement

A shareholder is entitled to their share of profits in accordance with the decision of the General Assembly issued in this regard. The decision shall specify the entitlement date and the distribution date. Profit entitlement is granted to shareholders registered in the shareholder register at the end of the entitlement date. The profits to be distributed to shareholders shall be paid at the place, times, and by the methods determined by the Board of Directors in accordance with the instructions issued by the competent authorities.

Article (43): Distribution of Dividends for Preferred Shares

43/1: If no profits are distributed for any financial year, no profits may be distributed in the following years until the specified percentage, as stipulated by the Companies Law, is paid to the holders of preferred shares for that year.

43/2: If the Company fails to pay the specified percentage of profits, according to the Companies Law, for three consecutive years, the special assembly of the holders of preferred shares, convened in accordance with the provisions of the Companies Law, may decide to allow them to attend the Company's General Assembly meetings and participate in voting, until the Company is able to pay all the profits allocated to the holders of these shares for the years in question. Each preferred share shall have one vote at the General Assembly meeting, and the holder of the preferred share shall have the right to vote on all items of the Ordinary General Assembly agenda without exception.

Article (44): Company Losses

If the Company's **losses reach half of its** capital issued, the Board of Directors must disclose this and provide its recommendations regarding the losses within sixty (60) days from the date it becomes aware of this situation. The Board must then call for an Extraordinary General Assembly meeting within one hundred eighty (180) days from the date of such knowledge to decide on the continuation of the Company and take any necessary actions to address the losses.

## CHAPTER EIGHT: DISPUTES

Article (45): Liability Action

Any shareholder has the right to file a liability lawsuit on behalf of the Company against the members of the Board of Directors if their actions result in damage to the shareholder specifically. A shareholder may not file such a lawsuit unless the Company's **right to file it is** still valid. The shareholder must notify the Company of their intention to file the lawsuit.

Article (46): Liability Action Expenses

The Company may compensate its Board of Directors members, and/or members of the Audit Committee, and/or the persons responsible for its management for all expenses and amounts incurred or paid by them, within the limits approved by the Board of Directors, in connection with any lawsuit or legal proceedings filed against them due to their actions or services as members of the Board of Directors, members of the Audit Committee, or as Company management. However, this compensation does not extend to matters where it is determined that a Board member, Audit Committee member, or management official is liable due to intentional negligence or bad faith while performing their duties or causing harm to the Company.



## CHAPTER NINE: COMPANY DISSOLUTION AND LIQUIDATION

### Article (47): Company Expiration

The Company shall be dissolved for one of the reasons for dissolution outlined in the Companies Law. Upon dissolution, the Company enters the liquidation phase in accordance with the provisions of the Companies Law. If the Company is dissolved and its assets are insufficient to pay its debts, or if it is insolvent according to the Bankruptcy Law, it must submit a request to the competent judicial authority to initiate any liquidation procedures under Bankruptcy Law.

## CHAPTER TEN; FINAL PROVISIONS

### Article (48): Applicable Law

Companies Law and its regulations shall apply to all matters not addressed in this system.

### Article (49): Publication

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