

SAUDI AIRLINES  
CATERING



الخطوط السعودية  
للتأمين

CORPORATE  
GOVERNANCE  
MANUAL  
2019

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#	Term	Description
1	Accumulative Voting	A method of voting for electing Board of Directors' members, which gives each shareholder a voting rights equivalent to the number of shares that are held. The shareholder has the right to use them all for one nominee or divide them between his selected nominees without any duplication or repetition of these votes.
2	Affiliate	A person who is controlled by another person either directly or indirectly.
3	Associate	<p>1) In relation to the Senior Executives or a Director or to a substantial shareholder who is an individual any of the following:</p> <p>a) that individual's spouse or minor children (together "the individual's family"); and</p> <p>b) any company in whose equity shares the individual or any member or members (taken together) of the individual's family or the individual and any such member or members (taken together) are directly or indirectly interested so that they are able:</p> <ul style="list-style-type: none"> <li>to exercise or control the exercise of 30% or more of the votes at the general meeting on all, or substantially all, matters; or</li> <li>to appoint or remove Directors holding a majority of voting rights at Board Meetings on all, or substantially all, matters; and</li> </ul> <p>2) In relation to a substantial shareholder which is a company:</p> <p>a) any other company which is its subsidiary or parent or fellow subsidiary of the parent;</p> <p>b) any company whose Directors are accustomed to act in accordance with the substantial shareholder's directions or instructions; and</p> <p>c) any company in the capital of which the substantial shareholder, and any other company under (a) or (b) taken together, are directly or indirectly interested so that they are able:</p> <ul style="list-style-type: none"> <li>to exercise or control the exercise of 30% or more of the votes at the general meeting on all, or substantially all, matters; or</li> <li>To appoint or remove Directors holding a majority of voting rights at Board Meetings on all, or substantially all, matters.</li> </ul>

#	Term	Description
4	Related Parties:	<p>A. Substantial Shareholders of the company.</p> <p>B. Board members of the Company or any of its affiliates and their relatives.</p> <p>C. Senior Executives of the Company or any of its affiliates and their relatives.</p> <p>D. Board members and Senior Executives of Substantial Shareholders of the company.</p> <p>E. Entities, other than companies, owned by a Board member or any Senior Executive or their relatives.</p> <p>F. Companies in which a Board member or a Senior Executive or any of their relatives is a partner.</p> <p>G. Companies in which a Board member or a Senior Executive or any of their relatives is a member of its Board of directors or is one of its Senior Executives.</p> <p>H. Joint stock companies in which a member of the Board or a Senior Executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (D) of this definition.</p> <p>I. Companies in which a Board member or a Senior Executive or any of their relatives has influence on their decisions even if only by giving advice or guidance.</p> <p>J. Any person whose advice or guidance influence the decisions of the Company, the Board and the Senior Executives.</p> <p>K. Holding companies or affiliates.</p> <p>Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of paragraphs (I) and (J) of this definition.</p>
5	Related person	Managing Director, Board Member, Senior Executives or any shareholder holding a large share of the shares in a company whose securities are listed, or any person related to a person to whom this definition applies.
6	Relatives:	<ul style="list-style-type: none"> <li>- Fathers, mothers, grandfathers and grandmothers (and their ancestors).</li> <li>- Children and grandchildren and their descendants.</li> <li>- Siblings, maternal and paternal half-siblings and their children.</li> <li>- Husbands and wives.</li> </ul>
7	Voting rights	All the voting rights attributable to the shares of a company which are exercisable at a general assembly meeting.
9	Board	Saudi Airlines Catering Company Board of Directors
10	Committees	Committees appointed by the Board of Directors and the Audit Committee.
11	The Authority (CMA)	The Capital Market Authority, including where the context permits any committee, sub-committee, employee or agent to whom any function of the Authority may be delegated.
12	The Exchange	The Saudi Stock Exchange

#	Term	Description
13	Corporate Governance	Rules to lead and guide the Company that includes mechanisms to regulate the various relationships between the Board, Executive Management, Shareholders and Stakeholders by establishing special rules and procedures to facilitate and ease the decision making process and add factors of transparency and credibility to it with the objective of protecting the rights of Shareholders and Stakeholders and achieving fairness, competitiveness and transparency on the Exchange and the business environment.
14	Companies Regulations	Saudi Arabian Companies Law that was issued by Royal Decree no: M/3 dated 28/01/1437H Corresponding date 10/11/2015G.
15	Capital Market Law	The Capital Market Law issued by Royal Decree no.: M/30 dated 02/06/1424H.
16	Corporate Governance Regulations	The Corporate Governance Regulations issued by the Capital Market Authority's Board pursuant to Decision no: 8-16. 2017 dated 16/05/1438H corresponding to 13/02/2017G according to the Companies Law.
17	Listing Rules	Listing Rules issued by the Capital Market Authority's Board
18	Chairman	Chairman of the Board of Directors of Saudi Airlines Catering Company
19	Company	Saudi Airlines Catering Company (the "Company") ("SACC").
20	Control	The ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the administrative team members; "controller" shall be construed accordingly.
21	Substantial shareholder	A person holding (5%) or more of the class of shares of the issuer.
22	Minority Shareholders	Those shareholders who represent a class of shareholders that does not control the company and hence they are unable to influence the company.
23	Shareholder General Assembly	The General Assembly that is composed of all shareholders that own shares in the Company In accordance with the Companies' Law and the Company's Bylaws
24	Stakeholder	Any person who has an interest in the Company such as employees, creditors, customers, suppliers and the community.
25	Share	Share of any company wherever incorporated. The definition of "share" includes every instrument having the characteristics of equity.
26	Board Director	In relation to the Company, it includes members of the Board of Directors.
27	Non-Executive Director:	A member of the Board who is not a full-time member of the Executive Management Team of the Company and does not participate in its daily activities.
28	Executive Director:	Member of the Board who is a full time member of the Executive Management Team of the Company and participates in its daily activities.

#	Term	Description
29	Independent Member	Non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence restrictions stipulated in Article 20 of the Corporate Governance Regulations apply to him/her (optional independence restrictions stipulated in the aforementioned article does not affect the independence of the member even if it applies to him/her). The Independent Member should be able to perform his/her duties, state his/her opinion, and vote on decisions in a subjective and neutral manner to assist the Board in making healthy decisions that serves the accomplishment of the Company's goals.
30	Executive Management or Senior Executive:	Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO), his/her delegates and the Chief Financial Officer (CFO).
31	Employee	In relation to a person, includes a Director, manager, a partner in a partnership or any other individual who is employed under a contract of service or contract for service and whose services are placed at the disposal of and under the control of that person.
33	Administrative Team	A group of individuals who make strategic decisions of the person. The Board is the Company's Administrative Team.
34	Remunerations	Amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Company to enable the Board member to perform his duties.
35	Related Securities	This means in the Merger and Acquisition Regulations: 1. securities of the offeree company which are being offered for or which carry voting rights; or 2. equity share capital of the offeree company and an offeror; 3. securities of an offeror which carry substantially the same rights as those to be issued as consideration for the offer; 4. Securities of the offeree company and an offeror carrying conversion or subscription rights into any of the above-mentioned securities.
36	Person	Any natural or legal person that is recognized as such under the laws of the Kingdom of Saudi Arabia.
37	Working Day	A business day in the Kingdom in accordance with the official working days of The Authority.
38	A Day	Any day, whether it is a working day or not

## Chapter 1 Introduction

### Article 1 Purpose

- A. This manual provides guidelines for the effective management in accordance with the mentioned basis and standards.
- B. This Corporate Governance Manual has been developed based on the Companies' Law, Corporate Governance Regulations, other relevant laws and regulations, and the Company's Bylaws.

### Article # 2 Corporate Governance Manual's Goal

- A. To achieve the highest professional standards and transparency through maintaining and preserving full compliance with the laws, rules and regulations that govern the Company's operations and protect its reputation and assets.
- B. In addition to identifying the goals and future plans of the Company, the Board of Directors should develop the Company's strategy in which guides the existing activities to achieve these goals.
- C. The Board of Directors shall use skill and diligence in the exercise of their duties, while performing their duties in a trust-based manner.

### Article # 3 What is Corporate governance?

Corporate Governance is a system of "checks and balances" designed to find a careful equilibrium between the interests of the different stakeholders of the organization (shareholders, Management, employees, customers, suppliers and society at large). As such, corporate governance is not only limited to legalistic matters, respect of regulations or risk management; it is pervasive throughout the Company.

### Article # 4 Usage of this Manual

This manual is used as a reference for the Shareholders, Board of Directors and Committees of the Board of Directors in the sections relevant to them to be guided by and/or comply with.

The manual should be reviewed periodically, in order to assess the relevance and viability of its application, and to update the manual in accordance to the changes that may occur in the Company or its surrounding environment or any changes to the relevant laws and regulations.

### Article # 5 Custodian of the Manual

The custodian of this manual is the company's General Counsel (referred to as The Custodian). Any inquiries related to this manual, its implementation, scope, goals, contents and other aspects should be directed to the custodian. The custodian is responsible for the periodic update of the Manual and issue the recommendations related to it.

### Article # 6 The Right of Viewing the Manual

The Shareholders, Board of Directors and Committees of the Board of Directors have the right to view this document. The company may publish a summary of this manual in accordance with the relevant laws and regulations or on its website.

### Article # 7 Approving the Manual

The Corporate Governance Manual should be approved by the Board of Directors and other bodies with authority such as the General Assembly, and Board of Directors' Committees before being implemented. After approval, the manual is effective and shall be reviewed and updated periodically by the custodian as of the set date or the date of its approval.

### Article # 8 Implementation of the Manual

The custodian is responsible for ensuring the implementation of the manual. The custodian may delegate the responsibility of implementing and managing the manual to a qualified person(s) who are able to deal with such a manual.

### Article # 9 Manual Update

- A. From time to time, this manual is expected to be updated with modifications and additions when necessary.
- B. All modifications and additions should be executed in accordance with the update procedures mentioned in this chapter.

### Article # 10 Manual maintenance and frequency of review rate

- A. The manual should be reviewed and approved at regular intervals to reflect changes that may occur in the company or surrounding environment or changes in relevant laws and regulations.

- B. The following table shows the frequency and responsibility of the review and approval of the manual:

Document	Review Period	Reviewer	Approver
Corporate Governance Manual	Every 12 Months	General Counsel	Board of Directors or any other body with the required authority

### Article # 11 Update procedures

- A- Adjustments are made as a result of one or more of the following reasons that can have a direct impact on the Company's business:

1. Changes in the laws of Saudi Arabia
2. Changes in the regulations of the Capital Market Authority
3. Changes in the Company's Bylaws
4. Changes in the Company's Board of Directors' Structure

- B- The manual update procedure (addition/cancellation/modification) may be requested by either the end user or The Custodian. The change request should highlight the changes made and their impact.

- C- The Manual update shall be to ensure that all changes are documented, whether temporary or permanent, and to ensure that the contents of the manual reflect the current practices of the company.

- D- A change request must be issued before making changes to this manual.

- E- Final and Initial approval of any changes shall be granted by the Board of Directors or the concerned Authority.

- F. Once the changes are approved, the custodian should update the changes log mentioned in this section.

- G. All temporary changes will be issued in the form of a memorandum and will follow the same update procedure while referring to the parts related to the change in the Manual.

**Article # 12 Changes Log**

- a. All changes to this manual must be dated and kept in a sequential format.
- b. The manual should be updated with the version number and date on every page of the manual.
- c. The custodian should ensure that all employees are aware of any updates to this manual, number of the latest version, and effectiveness date.
- d. The following table should be used and signed to log and approve changes to the manual:

Date of this version: xx/xx/xx

Version	Date	Changes Summary

**Article #13 Copyright**

The contents of this manual are for internal use and should be treated confidentially. The company may publish a summary of this manual on its website or on Tadawul's website.

**Chapter 2 Shareholders & General Assembly Guidelines**

**Article # 15 Shareholders' rights**

All the shareholders' rights related to the shares should be instilled especially the following rights:

1. To obtain his/her portion of dividends approved for distribution.
2. To obtain his/her share of the Company's assets upon liquidation.
3. Each Subscriber has a vote per share in the General Assembly.. Votes in the Ordinary General Assembly and the Extraordinary General Assembly are calculated as a vote per share. However, Directors may not participate in voting on resolutions of a meeting pertaining to their relief from liability for their administration, their related party transactions, nor on their compensations.
4. All company's shareholders has the right to participate in General Assembly Meetings and discuss and evaluate the performance of the Board of Directors. Based on article # (28. a shareholder may authorize –in writing– another person excluding Directors and employees of the Company to attend the General Assembly Meeting and vote on their behalf. In this case, it is encouraged that the voting right is specified in the written authorization although it is not mandatory. Written authorizations should be handed to the company's management at least two (2. working days before the General Assembly Meeting and the original copy submitted before that meeting.
5. The right for any actions towards their shares in accordance with the Companies' Law, Capital Market Law, and their implementing regulations.
6. The right to monitor the performance of the Company and Board of Directors' works as well as the right to raise any responsibility claims against any of the members of the Board of Directors and file a responsibility law suit against them, contest the decisions of the General and Private Assemblies in accordance with the terms and restrictions mentioned in the Companies' Law, relevant laws and regulations, and the Company's Bylaws.
7. The right to raise queries and request to view the Company's documents and financials including information relating to the Company's activity, operating strategy, and investment strategy without causing harm to the Company's interest and without conflict with the Companies' law, Caoutal Market's Law, and their implementing regulations. All information enabling shareholders to exercise their rights correctly should be available in a full, accurate, clear, specific, and not in a misleading manner. In addition, information should be regularly available and updated in the appropriate time frame. The Company should execute an effective method of communicating with its shareholders that is clear and detailed and includes the Company's information that the shareholder can obtain and is available to all shareholders of a similar class without discrimination between any shareholder in giving such information.
8. Preemptive rights to subscribe for new shares issued in exchange for cash unless the Extraordinary General Assembly suspends the pre-emptive rights – if the Company's bylaws states that – are per Article (140) of the Companies' Law.
9. To record his/her shares in the Company's shareholders' register.
- 10-To request to view a copy of the Company's articles of association and bylaws unless the Company publishes them on its website.
11. To nominate and elect the Board members.

**Article # 16 Rights Related to the Meeting of the General Assembly**

- A. The Ordinary General Assembly shall be convened at least once a year within the first six months following the end of the Company's financial year.
- B. Other meetings of the General Assembly shall be convened whenever the need arises as shall be determined by the Board of Directors, and in accordance with the situations and circumstances stated in the Company's bylaws and related Laws and Regulations.
- C. The invitation to General Assembly Meeting shall be published in Tadawul's website, the Company's official internet sites, and in a daily newspaper distributed in the locality of the head office of the Company, at least ten (10. days prior to the date agreed for the meeting.

The invitation shall contain the agenda for the meeting and proxy form.

- D. General Assembly Meeting also shall convene upon an invitation from a number of shareholders holding shares equal to at least (5%) of the share capital of the Company as well as based on the request of the external auditor of the Company.
- E-The Board shall work on facilitating and encouraging the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting and the Board has the right to decide the usage of technological advancements in accordance with the relevant laws and regulations.
- F. The agenda of each meeting should be prepared by the Board taking into consideration the topics that the shareholders would like to discuss in the meeting. Shareholders with shares representing 5% or more have the right to add one or more agenda items to be discussed in the meeting.
- G. Shareholders have the right to discuss any agenda item in the meeting as well as directing questions to the Board and the external auditor during the meeting. The Board along with the external auditor should reply with answers to those questions unless the answers would negatively impact the Company's interest.
- H. All matters to be discussed in the meeting should be supported with sufficient information to enable the shareholders to take the correct resolution related to the specific item discussed.
- I. Copies of the documents as well as the Board of Directors' Annual Report and the External Auditor's Report should be sent to the CMA after the General Assembly's approval on them no later than 10 days from the date of the General Assembly meeting.
- J. Minutes of meetings should be published through the Company's website and Tadawul's website.
- K. The shareholders shall be able to obtain information through the Company's website and Tadawul's website, when the invitation for the convention of the General Assembly is published, related to the items of the General Assembly's agenda, particularly the Board of Directors' Report, the external auditor's report, the financial statements, and the Audit Committee's Report to enable them to make an informed decision in their regard. The Company shall update this information in case the General Assembly's agenda was amended.
- L. It is expected that all members of the Board of Directors will attend the annual Shareholders' General Assembly and a member of each committee and the executive management of the Company.

#### Article # 17 Ordinary General Assembly Meeting

- A-The Chairman, and in absence of the Chairman, the Vice-Chairman of the Board will preside all meetings of the General Assembly. In the absence of the Chairman or the Vice-Chairman, the Board has to mutually elect the Chairman to preside that specific meeting. The General Assembly elects a secretary and members of the Ballot Collection Committee.
- B. It is expected that all the Board of Directors will attend the annual Shareholders' General Assembly and a member of each committee and the executive management of the Company.
- C. The General Assembly Meetings provide an opportunity for individual shareholders to meet and communicate with the Board to develop a better understanding of the Company's operations and its prospects.
- D. Following every General Assembly Meeting, the minutes shall be entered into a special register, which shall be signed by the Chairman and Secretary of the meeting.
- E. The Ordinary General Assembly Meeting will be valid only if is attended by shareholders representing at least a quarter (25%) of the Company's capital. If this quorum is not achieved at the first meeting, an invitation shall be sent for a second meeting within the next 30 days of the previous meeting in accordance to article (31/1. of the Company's bylaws. In addition, the second meeting may convene an hour after the allocated time set for the first meeting if the invitation of the first meeting included that option. Nonetheless, the second meeting shall be considered valid regardless of the number of shares represented in it.
- F. Except for the competencies reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in discussing and amending all affairs of the Company, and particularly the following:
1. Appointing and dismissing Board members;
  2. Permitting a Board member to have direct or indirect interest in the business and contracts that are

executed for the Company's account, in compliance with the provisions of the Companies' Law and its Implementing Regulations;

3. Permitting a Board member to take part in any activities that may lead to competition with the Company, or to compete with the Company in any of its activities, in compliance with the provisions of the Companies' Law and its Implementing Regulations;
  4. Monitoring the compliance of the Board members with the provisions of the Companies' Law, Its Implementing Regulations, other relevant laws, and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies' Law, its Implementing Regulations, and other relevant regulations;
  5. Forming the Audit Committee pursuant to the provisions of the Companies' Law, its Implementing Regulations, and other relevant regulations;
  6. Approving the Board of Directors' Report;
  7. Appointing the external auditors of the Company, specifying their remunerations, reappointing them, replacing them and approving their reports ;
  8. Deciding on the proposals of the Board with respect to the method of distributing the net profits and ratify what was distributed in the form of interim dividends (if any);
  9. Approving the Financial Statements of the Company;
  10. Approval of the appointment of the external auditor, determine his remuneration, and duration of work;
  11. Looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties reported by the Company's external auditors regarding their empowerment by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard;
  12. Use the Consensual Reserve of the Company if it was not allocated for a specific matter, if that use was recommended by the Board of Directors and in a manner that would benefit the Company or its shareholders;
  13. Forming other reserves besides the statutory reserve and consensual reserve and their usage;
  14. Setting aside amounts from the Company's net profits to set up social organizations for the benefit of the Company's employees or to assist any such existing establishments in accordance with Article (129. of the Companies' Law; and
  15. Approving the sale of more than (5%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required.
- G. The Resolutions of the Ordinary General Assembly are issued with the absolute majority of the shares present in the meeting.

#### Article 18 The Extraordinary General Assembly

- a. The Extraordinary General Assembly shall convene when necessary in accordance with the relevant laws and regulations, and the Company's bylaws.
- b. The roles and responsibilities of the Extraordinary General Assembly typically are:
  1. Amending the Company's bylaws.
  2. Exceptional transactions, including the sale of the company, mergers and acquisitions, and prolongation or dissolution of the company before its expiry.
  3. Increasing the Company's share capital in accordance with the situations provided by the Companies' Law, its Implementing Regulations, and other relevant laws and regulations.
  4. Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company



incurs financial losses, in accordance with the situations provided by the Companies' Law, its Implementing Regulations, and other relevant laws and regulations;

5. Resolving to form a consensual reserve for the Company as provided for in its bylaws to be set aside for a specific purpose, and the disposal thereof.
  6. Resolving to maintain or liquidate the Company before the end of its term specified in its bylaws;
  7. Approving the Company's shares buy-back;
  8. Issuing preferential shares or approving their purchase, or converting ordinary shares into preferential shares or converting preferential shares into ordinary shares as per the Company's bylaws and the Regulatory Rules and Procedures issued pursuant to the Companies' Law related to Listed Joint Stock Companies;
  9. Issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds;
  10. Allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them; and
  11. Suspending preemptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's bylaws.
- C. The Extraordinary General Assembly may issue resolutions that fall within the powers of the Ordinary General Assembly, provided that such resolutions are issued in accordance with the requirements of the Ordinary General Assembly in accordance with the relevant laws and regulations, and the Company's bylaws.
- D. The Extraordinary General Assembly Meeting will be valid only if attended by shareholders representing at least one half (50%) of the Company's capital. If this quorum is not achieved at the first meeting, an invitation shall be sent for a second meeting within the next 30 days of the previous meeting in accordance to article (31/2. Company's bylaws. In addition, the second meeting may convene an hour after the allocated time set for the first meeting if the invitation of the first meeting included that option. Nonetheless, the second meeting shall be valid if attended by a number of shareholders representing at least one quarter (25%) of the Company's capital. However, if the second meeting's quorum is not met, an invitation for a third meeting shall be sent in accordance with the method stipulated in article (31/2. of the Company's bylaws, and that meeting will be valid if attended by any number of shareholders and after obtaining the relevant authority's approval.
- E. The resolutions of the Extraordinary General Assembly Meeting shall pass by a two-third majority of the shares represented at the meeting. But if a resolution pertains to an increase or a decrease in capital, to extension to the term of the Company, to dissolution of the Company prior to expiry of the term specified in its bylaws, or to merge the Company with another company or establishment the resolutions will pass only if adopted by a three-fourth majority of the shares represented at the meeting.
- F. If the request for convening an Extraordinary General Meeting of Shareholders has been initiated by Shareholders (or a Shareholder), the information provided shall contain the names of the Shareholders (or Shareholder) who demanded the convention of such an Extraordinary General Meeting of Shareholders and an indication of the quantity and class (type) of the shares owned by them/him.
- G. If a decision of the Board of Directors was issued to refuse to convene such a Meeting, the Board should state the reasons for such a refusal to the person(s) who requested the convention thereof, within three days after the date of the decision.

#### Article #19 Shareholders Rights & Voting Powers

- A. It is the right of every shareholder to participate and vote in the General Assembly Meetings and the Company should avoid any procedure that would hinder this voting right. Moreover, the Company should facilitate for the shareholders' rights to vote, and the Board has the right to use technological advancements in accordance with the relevant laws and regulations

- B. The Accumulative voting technique should be utilized when voting to elect members of the Board. This method increases the chances of the minority shareholders to appoint their representatives in the Board through the right to accumulate votes for one nominee.
- C. Votes in the Ordinary General Assembly and the Extraordinary General Assembly are counted as one vote for each share.
- D. Shareholders should exercise their voting rights in the General Assembly and shall be notified with the rules governing meetings and voting procedures through the invitation of the General Assembly.

#### Article #20 Shareholders Dividend Rights

- A. The Board shall monitor the Dividend Distribution Policy to achieve fairness to the Company and Shareholders' interests, and that policy should be provided to shareholders in the General Assemblies and mentioned in the Board of Directors' Annual Report.
- B. The Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis in accordance with the regulations established by the competent authority and its bylaws, provided that the distribution resolution is submitted to the next General Assembly for its approval.
- C. The Company announces the General Assembly's resolution regarding the dividend distribution which the shareholder shall be entitled to his share of those dividends. The resolutions shall include the date of maturity and the date of distribution. In addition, the resolution shall be implemented in accordance with the the Regulatory Rules and Procedures issued pursuant to the Companies' Law related to Listed Joint Stock Companies. The right to receive dividends, whether in cash or in shares granted, is to the shareholders registered with the Securities Depository Center at the end of trading on the maturity date. The Company must implement the decision within the time limit specified by the competent authorities.
- D. According to the Company's Bylaws (Article 47), the Board of Directors shall in each year allocate 10% of the net profits to build up a reserve fund to be called the statutory reserve. The Ordinary General Assembly may resolve to stop such allocation when the said reserve amounts to 30% of the paid-up capital. The Extraordinary General Assembly may resolve to allocate a percentage of net profits, based on the recommendation of the Board of Directors, to establish a consensual reserve for specific purposes set by the said General Assembly. In addition, a General Assembly (Ordinary or Extraordinary) may resolve to establish other reserves in the amount that would achieve the interest of the Company or ensures the distribution of stable dividends to shareholders as much as possible, as well as the ability to deduct from the net profits for the establishment of social institutions for the benefit of Company employees or to assist in such existing institutions.
- E. According to article (47. of the Company's Bylaws and the Companies' Law, the Company shall then distribute from the remainder of the net profits to the shareholders with a minimum amount that should not be less than 5% of the paid-up capital. The General Assembly may use the retained earnings and the distributable consensual reserves to distribute the remaining amount of the share value or part of it provided that this does not prejudice the equality of the shareholders. F-Resolution on dividend distributions shall be approved by the Board of Directors after the approval of the financial statements for the financial period (quarterly or annual).

## Chapter #3 Board of Directors

### Section # 1 Board of Directors Guidelines

#### Article #21 Purpose

One of the primary responsibility of the Board is to provide effective governance over the Company's affairs for the benefit of its shareholders, and to balance the interest's of its clients, employees, suppliers and its local communities. In all actions taken by the Board, the Directors will be expected to exercise their judgments related to the business in what they reasonably believe to be in the best interests of the Company. In discharging that obligation, Directors may rely on the honesty and integrity of the Company's Senior Executives and its external advisors and auditors.

#### Article # 22 Board of Directors Chart

(^) As per CMA, these are mandatory committees

(\*) Recommended committees as per the leading practices.

The implementation of these committees is at the discretion of the BOD as they find it appropriate.

#### Article #23 The Board's Main Roles and Responsibilities

The following functions are the common recurring activities of the Board in carrying out its responsibility. These functions are established as a guide with the understanding that the Board may diverge from this guide as appropriate, given the circumstances:

##### A. Leadership and Direction:

1. Define the vision and values of the organization and ensure that these are realized and upheld.
2. Define the direction of the business.
3. Ensure clear accountabilities and communication within the Company and monitor the activities of the Company.
4. Create a positive climate which fosters constructive challenge for business.
5. Review Board composition, performance and succession plans regularly.
6. Appoint (and if necessary remove) the Chairman of Board.

##### B. Approve the Strategic Direction and Objectives of the Company and Monitor its Implementation:

1. Establish the key strategic plans and determine the strategic objectives and desired outcomes.
2. Drive the development of the business plans and provide constructive challenge and ensure its effectiveness.
3. Approve the annual business plan, budgets for revenue and capital expenditures, and the financial strategy that supports the achievement of the corporate objectives.
4. Establish a framework for the approval and regular review of policies and procedures to achieve its desired business objectives.
5. Ensure that all assets are managed efficiently and effectively, and that capital is properly utilized so as to maintain long term viability and sustainability of the Company and its assets.
6. Oversee major capital expenditure, acquisitions and divestitures.
7. Decide the performance objectives to be achieved and supervise the implementation thereof and the overall performance of the Company.
8. Review and approve the organizational and functional structure of the Company on a periodical basis.

##### C. Risk Management:

1. Review the implementation of the policies and procedures of Risk Management.
2. Identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks including agreeing on the risk capacity and tolerance.
3. Contribute to the review and evaluation of strategic risks and receive regular reports on these and emerging risks.
4. Ensure that a positive culture of managing opportunities and risks is embedded throughout the Company.
5. Determine policies, procedures, and decisions on all matters that might create a significant financial or other risks to the Company, or which raise material matters of principle.
6. Demonstrate in a strategic document that the Company is able to proactively identify and understand significant risks that the Company faces in achieving its objectives through its business strategies and plans.

##### D. Establish the Internal Controls Framework and Effective Monitoring:

1. Monitor the Conflict of Interest Policy for the Chairman, Board Members, Executive Management, and Shareholders which includes any misuse of the assets of the Company and any misconduct resulting from related party transactions.
2. Ensure the adequacy of the Company's financial and accounting systems, including the systems for preparing the financial reports.
3. Ensure the implementation of internal controls relating to risk management through general identification of significant risks which face the Company and present them in a transparent manner.
4. The Board shall establish and oversee a framework for delegation of responsibilities, avoiding delegation of such responsibilities for an unlimited time period or unlimited authorities.
5. Annual and periodic review of the effectiveness of the Company's internal controls.
6. The Board shall conduct an annual review of the effectiveness of the Company's internal control procedures. Although this will be carried out by the Audit Committee on behalf of the Board, it will not absolve the Board of its responsibility in this regard.

##### E. Performance Monitoring:

1. Periodically review and monitor performance in relation to plans, budgets, controls, and decisions.
2. Review and consider performance reports in relation to customer and stakeholders' feedback and benchmark them against comparable organizations and activities.

##### F. Reporting of the Company's Performance:

1. Ensure that the Company complies with all relevant regulatory requirements.
2. The Board shall review the periodic reports from the Board's Committees, Executive Management, Internal Auditor, and External Auditors to assess performance and correct variances.
3. Obtain and consider performance information in relation to stakeholders' evaluations and benchmark them against comparable organizations.

##### G. Commitment:

1. Allocate meeting times and commite to attend them.
2. Commitment to read documents before meetings and evaluate information provided by the Company's management.
3. Make effective contributions to the decision making process.
4. Commitment to continuously monitor and safeguard the Company's reputation and closely working towards enhancing it.

5. The Board of Directors shall establish policies and procedures to ensure compliance with the rules, regulations and disclosure rules to shareholders, creditors and other stakeholders.

#### **H. Corporate Governance:**

The Board of Directors should monitor the corporate governance system within the Company which should not conflict with the laws and regulations of CMA and other relevant authorities. In addition, they should monitor its effectiveness and adjust it as and when deemed necessary.

#### **I. Ambassadorial Role:**

1. Promote the Company at other key events and meetings and establish constructive relationships with key current and potential partners and stakeholders, internal and external, as required.
2. Monitor and safeguard the Company's reputation and work towards enhancing it.

#### **J. Executive and Management Arrangements:**

1. Appoint and dismiss the Chief Executive Officer and approve his salary, benefits and terms of employment.
2. Ensure there are appropriate policies and systems in place to recruit, develop, retain and remunerate employees.
3. Monitor and manage potential conflict of interests of management, Board members and shareholders including potential misuse of corporate assets and abuse in related party transactions.
4. Establish policies regarding the evaluation of the Executive Management of the Company and ensure that appropriate policies regarding the evaluation of other employees by the Executive Management are in place and utilized.
5. Evaluate the overall performance and effectiveness of the Board, and decide on matters relating to corporate governance.
6. Review succession plans and management development programs for the Executive Management.

#### **K. Reporting:**

1. Ensure the integrity of the Company's accounting and financial reporting system, including the independent review of the external auditor. In addition to ensuring that appropriate systems of control are in place, in particular, systems for monitoring risk, financial controls, and compliance with the laws.
2. Oversee the process of disclosure and communication of results.
3. The Board shall discuss and approve the financial statements of the Company and ensure its accurateness before they are submitted to the Shareholders.
4. In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention or those noticed by it.

#### **L. Board Membership**

The Board of Directors should establish monitor and implement policies, standards and procedures for the membership of the Board of Directors after the approval of the General Assembly.

#### **K. Stakeholders**

The Board of Directors should establish a written policy with respect to stakeholders of the Company to protect their rights. In particular, this policy should cover the following:

1. A mechanism to compensate stakeholders in case of a breach of their legal rights as so established by the laws and contractual relationships.
2. A mechanism for settling disputes or complaints which may arise between the Company and its shareholders.
3. Proper mechanisms to establish strong relationships with suppliers and customers and ensure confidentiality of their related information with the Company.

4. Establish professional conduct principles for the Company's management and employees in compliance with professional and behavior standards which should form guidelines to frame the relationship with stakeholders. The Board should also establish a mechanism to monitor the implementation of those principles and standards.

#### **Article # 24 Board of Directors Responsibilities**

A. Taking into consideration the competences of the General Assembly conferred to them by the Law, the Company's Board of Directors shall assume all the necessary powers to manage the Company. The ultimate responsibility for the company rests with the Board even if it establishes committees or delegates some of its power to a third party. The Board should avoid general delegations or delegations without a specific time frame.

B. According to article 21 of the Company's Bylaws and without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage, dispense, and supervise the business and financials of the Company in and out of the Kingdom of Saudi Arabia to realize its goals, and the preparation of policies and guidelines to achieve the Company's objectives as an example but not limited to representing the company in its relations with third parties and government and private and civil rights and police departments and chambers of commerce and industry and private authorities and companies and institutions of any type, and to enter into tenders and auctions - to name but a few - documents of sale, rent, leasing, representation, declaration, mortgage, and others, as well as conduct transactions on behalf of the company and collect and pay and receipt of rights from third parties and the endorse and claim and the request of implementation of judgements and its objection, and claim the results of implementation of a judgement and extract arbitration arguments and request the amendment and duration of the instruments. The Board also has the right to establish companies, participate in the establishment of companies, open branches of the company and the right to sign all types of contracts and documents, including article of association of companies established by the company or the company is a partner in with all the amendments to those articles of association that the company is a partner in and their appendices including partner resolutions in those companies that include raising and reduction of capital, the waiver and purchase of shares, the attestation of contracts and the signature of at the Companies Department at the Ministry of Commerce and Industry and the Notary Public, in addition to make amendments, changes, additions, deletions, extractions, and renewals of commercial registrations as well as receiving, cancelling, amending company names in them. As well as awarding loans to subsidiaries and guaranty those loans, and sign on agreements and securities before the Notary Public and Governmental Authorities. In addition to signing agreements of loans, guarantees, securities, sponsorships, financial instruments, waiver of priority in the payment of debts of the company and the issuance of power of attorneys on behalf of the company, the sale and purchase of real estate and land and shares in companies and other assets, whether movable or immovable and disposition of the assets and property of the company and the mortgage of fixed assets and movable ones to guarantee the loans of the Company and subsidiaries under the following conditions:

1. The Board of Directors must specify in their resolution to sell the reasons and justifications of it.
2. The sale should be for the price of the proverb.
3. The sale shall be present except in cases of necessity and with sufficient guarantees.
4. The sale should not cause any of the Company's activities to stop nor raise any other obligations on the Company.

The Board has the right to discharge, accept and seize the price in any form it sees fit and to receive, deliver, lease, rent, receive payment, pay, open accounts, manage accounts, operate and close bank accounts as well as withdrawing and depositing, and borrowing from banks in addition to signing all papers, documents, cheques and all banking transactions, investing the company's funds and operating them in local and international markets within the Kingdom of Saudi Arabia and abroad. It also appoints lawyers, auditors, accountants, employees and workers and release them, apply for visas, recruit workers from outside the Kingdom, contract with them, determine their salaries, extracting residency permits and transferring sponsorships and waiving them.

Subject to the provisions of the Companies' Law, the Board of Directors may agree on loans with banks, government funds and institutions of any duration, and obtain commercial loans and other loans and credit facilities from government institutions, commercial banks, financial institutions and any credit companies as well as issue promissory notes and other tradable documents, and to enter into all types of agreements and banking transactions for any period of time that does not exceed the duration of the Company, and for loans

that exceed the three-year period the following should be taken into consideration:

1. The Board of Directors shall determine in its resolution the use of the loan and method of repayment.
2. Take into account that the conditions of the loan and the guarantees provided to it should not harm the company, its shareholders, and the general guarantees of the creditors.

The Board of Directors shall also have the right to approve internal, financial, managerial, and technical systems of the Company as well as its policies and procedures of employees; and delegate executive managers in the Company to sign on their behalf in accordance with the conditions and policies set by the Board in addition to approve the operational and business plans and approve its annual budget.

The Board also has the right to relieve the debtors of the Company in accordance with the Companies' Law and its implementing regulations from the debts provided that the Minutes of Meeting of the Board and the reasoning of their resolution consider the following conditions:

1. The relief is decided on after the lapse of one year of the creation of that debt as a minimum.
2. The relief is for a specific maximum amount per year per debtor.
3. The right of relief is a right of the Board and may not be delegated to another.

The Board also has the right to appoint or delegate one or more of its members or third parties to undertake a specific task or tasks, or some or all of its authorities, and to cancel this authorization or power of attorney in whole or in part.

- C. The Board should attend to their responsibilities and duties professionally and seriously considering their duty of integrity, loyalty, honesty, care, and responsibility. In addition, all decisions made by the Board should be based on sufficient information provided by the Company's Executive Management or another reliable source.
- D. The Board should establish authorities and make decisions related to delegating the Executive Management of the Company to enable them to perform their duties. In addition, the Board should establish the items that would preserve authority and decision making. The Executive Management should report periodically to the Board on the activities that they have been authorized to implement.
- E. The Board should set procedures to assist with the orientation of new Board members with regard to the Company's operations and in particular the financial and legal aspects and provide training to them if necessary.
- F. The Board should ensure the sufficiency of the Company's information for all Board members in general.

## Section 2 Selection and Composition of the Board of Directors

### Article # 25 4.1 Board Structure and Size Guidelines

- A. According to the Company's Bylaws (Article 19), the Board shall comprise of nine (9) members to be appointed by the Ordinary General Assembly for a renewable term of 3 years.
- B. The Chairman of the Board shall be selected by the affirmative vote of the majority of the Directors that is 51% of the votes.
- C. The Shareholders' General Assembly is responsible for appointing the members of the Board in accordance with the Company's bylaws. However, the term should not exceed three (3) years. Yet, it is permitted to reappoint the same members at the end of the term as long as it does not conflict with the Company's bylaws.
- D. The majority of the members of the Board of Directors should be Non-Executive members.
- E. The Chairman of the Board should not have an Executive role in the Company such as CEO, Deputy CEO, and Department or Operations Managers.

F. Independent members in the Board should not be less than two (2) or one-third of the total numbers of Board members whichever is greater.

G. Members should not hold Board memberships for more than five (5) listed companies simultaneously.

### Article 26 # Board Member Nominations

- A. The Nomination & Remuneration Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the nominees for memberships of the Board.
- B. The Nomination & Remuneration Committee should conduct an annual review of the required skills, competencies and qualifications of individuals to be nominated to be members of the Board and of existing members of the Board.
- C. The Nomination & Remuneration Committee should, on an annual basis, also assist the Board in determining the compliance of each member to the Company's conditions related to the business and ethics, and review the independence of each member as may be required in accordance with the relevant laws and regulations.

### Article 27 # Director Qualifications

- A. Members of the Board should be of the required professional competency, experience, and skill to perform his duties with competence and ability.
- B. Members of the Board should be individuals of high integrity focused on enhancing long-term shareholder value.
- C. Members of the Board should be willing to devote sufficient time to carrying out their duties and responsibilities effectively; yet, a Board member may hold memberships in other companies' board of directors provided that they perform responsibly in all their duties and responsibilities.
- D. The most important skills that the members of the Board should possess are: vision, strategic perspective, good managerial judgment, the ability to manage, the ability to guide, the ability to lead, , medical fitness, supervise the organization, knowledge of law and/or finance as well as some specific knowledge to the Company's area of business.

### Article 28 # Criteria for the Composition of the Board

- A. One of the Board's most important responsibilities is evaluating and selecting candidates to serve as Directors of the Board. The Board shall seek members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have had experience and a high degree of responsibility. In addition, they are selected based upon the contributions they can make to the Board.
- B. The assessment should also include issues of diversity, age, and skills such as the understanding of financial and investment companies, international background, etc. – all in the context of the Company's activities and the perceived needs of the Board in that regard. Individual Directors should possess the personal characteristics including integrity and accountability, informed judgment, financial literacy, mature confidence, and high performance standards. Directors must have the ability and willingness to learn the Company's business and to express their personal views.
- C. The factors to be considered by the Nomination & Remuneration Committee and the Board in its review of potential candidates should include:
  1. Whether the candidate has exhibited behavior that indicates he is committed to the highest ethical standards and the values that are related to.
  2. Whether the candidate has had broad business, governmental, non-profit, or professional experience that indicates that the candidate will be able to make a significant contribution to the Board's discussion and decision-making in an array of complex issues.

3. Whether the candidate has special skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors.
4. Whether the candidate has had a successful career that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
5. Whether the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the shareholders and other stakeholders in reaching decisions.
6. Whether the candidate will be able to devote sufficient time and energy to the performance of his duties as a Director.

The application of these factors involves the exercise of judgment and cannot be measured in any mathematical or routine way.

#### Article # 29 Termination

- A. The Ordinary General Assembly may, at any time, dismiss all or any of the members of the Board of Directors without prejudice to the right of the dismissed member to the Company if he is dismissed without reasonable justification or at an inappropriate time.
  1. A member of the Board of Directors may resign on the condition that this is in a timely manner, otherwise he shall be liable to the Company for any damages that resignation may cause.
  2. If the position of a member of the Board of Directors becomes vacant, the Board may temporarily appoint a member of the vacant position taking in consideration the member's experience and competence. The Ministry of Commerce and Industry and the Capital Market Authority shall be notified within five working days from the date of appointment, and that appointment is to be presented and approved by the General Assembly at its first meeting following that appointment, and the new member shall complete the term of his predecessor.
- B. Resignation of a Director shall take effect from the time it is communicated to the Board, or any other agreed time.
- C. Directors should offer their resignation in the event of any significant change in their personal responsibilities that may affect their responsibilities in the Board or any of its committees.
- D. According to the Company's Bylaws (Article 20), Board membership is terminated either by end of tenure, resignation, or dismissal in accordance with a law or instruction.
- E. The General Assembly may terminate any Board of Directors in case of absence for three consecutive meetings without any legitimate justification.
- F. Termination of the Board of Directors' membership shall be effective in the following cases:
  1. If it is proved to the Board of Directors that the member has breached his duties in a manner detrimental to the interests of the company, provided that is associated with the approval of the Ordinary General Assembly.
  2. If any member applied for bankruptcy, insolvency, has applied for a settlement with its creditors, or stops payment of its debts.
  3. If the member was affected with an illness that may hinder his performance of his duties.
  4. If it is proved that the member had committed a wrongful act or an act infringing on honesty and integrity.
- G. If the necessary conditions are not met for the convening of the Board of Directors' meeting due to the shortage of its members from the minimum stipulated in the Companies' Law and the regulations of the CMA or the Bylaws of the Company, the other members shall call the Ordinary General Assembly to convene within sixty (60) days to elect the necessary number of members.
- H. The CMA should be notified immediately when a membership is terminated by any means of termination. If a member resigns and has comments on the Company, the member should submit it in a written letter to the Chairman who will then present it to the Board.

#### Article 30 # Description of board memberships

- A. Executive Member: a member of the Board who is a full-time member of the Executive Management of the Company and participates in its daily activities. His duties and responsibilities are determined in accordance with the position he occupies.
- B. Non-Executive Director: a member of the Board who is not a full-time member of the Executive Management of the Company and does not participate in its daily activities.
- C. Independent Director: a non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 20 of the Corporate Governance Regulations apply to him/her (what is optional from these issues will not affect the independence of a member even if it applies to him). The independent member must be able to perform his duties, express his views, and vote on the decisions objectively and impartially to assist the Board in making right decisions that contribute to the interests of the company.
- D. Each member of the Board shall perform the following duties:
  1. Providing proposals to develop the strategy of the Company;
  2. Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company;
  3. Reviewing reports related to the performance of the Company;
  4. Ensuring the integrity and impartiality of the financial statements and information of the Company;
  5. Ensuring that the financial control and risk management systems are sound;
  6. Determining the appropriate level of remunerations of the members of the Executive Management;
  7. Expressing opinions as to the appointment and dismissal of members of the Executive Management;
  8. Participating in developing the succession and replacement plans of executive positions within the Company;
  9. Complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the bylaws when performing his/her duties as a member of the Board; and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs;
  10. Attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the chairman of the Board shall be notified by prior notice, or for emergency reasons;
  11. allocating sufficient time to fulfill his/her responsibilities and preparing for the Board and its committees meetings and effectively participating therein, including raising relevant questions and carrying discussions with the members of the Executive Management;
  12. Studying and analyzing all information related to the matters discussed by the Board before expressing an opinion on the same. In addition, Enabling other Board members to express their opinions freely, and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary;
  13. Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from that interest whether financial or non-financial. The concerned member shall abstain from voting on any decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
  14. Notifying the Board fully and immediately of his/her participation, directly or indirectly, in any businesses that may compete with the Company or of his competition with the Company in any of its activities, directly or indirectly, in compliance with the provisions of the Companies Law, the Capital Market Law, and their implementing regulations;

15. Refraining from disclosing or announcing any secrets he/she came across through his/her membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
  16. Working on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders;
  17. Recognizing his/her duties, roles and responsibilities arising from the membership;
  18. Developing his/her knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields; and
  19. Resigning from the membership of the Board if he/she is unable to fully fulfill his/her duties in the Board.
- E. Taking into account the above, an Independent Director of the Board shall effectively participate in the following duties:
1. Expressing independent opinion in respect of strategic issues, Company's policies, performance and appointing members of the Executive Management.
  2. Ensuring that the interest of the Company and its shareholders are taken into account and give them priority in case of any conflict of interest.
  3. Overseeing the development of the Company's Corporate Governance rules and monitoring the implementation of these rules by the Executive Management.
  4. Attending all meetings where important and significant decisions are taken that affect the company's position.

#### Article # 31 Board of Directors' remuneration

- A. In accordance with article 76 of the Companies' Law and in accordance to article 22 of the Company's Bylaws, the Board of Directors members' remuneration may consist of a specified amount, attendance allowance, or in-kind benefits or of a combination of two or more of these benefits.
- B. Each member of the Board of Directors shall be entitled to an annual remuneration of SR 200,000 (two hundred thousand Saudi Riyals) per member. However, each committee member shall be entitled to an annual remuneration of SR 100,000 (one hundred thousand riyals) in addition to the annual remuneration given to the Board member for his Board membership. Furthermore, each board or committee member is entitled to an amount of SR 3,000 (three thousand Saudi Riyals) per meeting as a meeting attendance allowance. Yet, the total of remunerations and compensations should not exceed SR 500,000 (five hundred thousand riyals) per year for each member.
- C. When remunerating a member of the Board, the remuneration or part of it should be linked to factors of performance such as attending meetings.
- D. Executive Directors or employees of the Company shall not receive any compensation for their services as Directors. Non-Executive Directors and those who are not employees of the Company cannot enter into any consulting arrangements with the Company without the prior approval of the Nomination and Remuneration Committee. Directors who serve on the Audit Committee shall not directly or indirectly receive compensation for providing accounting, consulting, legal, investment or financial advisory services to the Company. Furthermore, the Company shall not contribute to charitable organizations with which a Director is affiliated.
- E. Any violation of the determination of wages is considered null and void.

## Section 3 Board Operations

### Article # 32 Separation of the Role of the Chairman and the Company's CEO

The Chairman shall play a central role in ensuring the effective management of the Company and is responsible for the Board's effective function. The separation of the roles of the CEO and Chairman is a method of ensuring an appropriate balance of power, increasing accountability and increasing the capacity of the Board to reach an independent decision; thus, achieving a balance between authority, functions and control. The separation of the roles is aimed to maintain the effectiveness of the Chairman of the Board in monitoring the operations of the Board.

### Article # 33 Role of the Chairman

- A. In accordance with article (23. of Company's Bylaws, the Board of Directors shall appoint from among its members a Chairman and a Vice-Chairman. The Board may appoint a Managing Director. The position of the Chairman of the Board of Directors and any executive position of the Company shall not be combined. The Chairman has all the authorities mentioned in the Bylaws Article – 23.
- B. The Chairman of the Board shall assume responsibility for the leadership of the Board and ensure the efficiency of the implementation of all his responsibilities in the company and the conduct of its work.
- C. The Chief Executive Officer may not be appointed as a Chairman of the Board during the first year of the termination of his services.
- D. The Chairman of the Board shall in particular have the following responsibilities:
  1. Ensure that the Board provides the necessary leadership and vision to the Company.
  2. Ensure that the Board is participating in establishing the aims, strategies and policies of the Company.
  3. Ensure that there is adequate internal controls in the Company for the pursuit and attainment of the goals and aims of the Company.
  4. Direct the Board discussions to effectively use time to address the critical and important issues facing the Company.
  5. Ensure that Directors are enabled and encouraged to play their due role in the meetings for the Company's benefit.
  6. Ensure that Directors have adequate opportunities to express their views.
  7. Ensure that Directors are provided with sufficient, accurate and full information in a timely manner.
  8. Ensure that minutes properly reflect decisions and resolutions.
  9. Participate in the ongoing development of the Board as a whole and Directors individually through cooperating with the Nomination & Remuneration Committee.
  10. Monitor the Corporate Governance Manual.
  11. Call for the meeting of the Board as and when required.
  12. Ensuring effective channels of communication with shareholders are available and communicating their views to the Board.
  13. Encourage constructive relationships and effective participation between the Board and Executive Management and between executive, non-executive and independent members, and create a culture that encourages constructive criticism.
  14. Prepare the agenda of the meetings of the Board, taking into account any matter raised by a member or raised by the Auditor, and consult with the members and the Chief Executive Officer when preparing the agenda.
  15. Holding periodic meetings with non-executive board members without the presence of any executive in the company.

16. To inform the General Assembly when convened about all contracts and works in which a member of the Board of Directors has a direct or indirect interest therein, and that provided information should include the information provided by the member in accordance with clause (14. of article (30) of the Corporate Governance Regulations, and to be accompanied by a special report from the External Auditor.

17. The Chairman of the Board shall determine the level of formalities required at each Board meeting while maintaining the fitness of the Board meetings. In all cases, the following general rules should be followed:

1. Ensure that all members are familiar with the meeting's discussions.
2. The Chairman of the Board shall also maintain sufficient oversight to ensure recognition of the Chairman's authority so that the level of formalities can be restored when some developments are required.
3. The Chairman of the Board of Directors is keen to understand the decisions correctly and record them well.
4. The Chairman of the Board of Directors confirms the completion of the decisions and discussions, with a reasonable formal decision to record the conclusions reached.

E. The Chairman is also responsible for establishing a proper working relationship between the Board and the CEO. As expected, the Chairman shall facilitate the following:

1. To be a major point of contact between the Board of Directors and the Chief Executive Officer.
2. Maintaining knowledge of key issues by the CEO of the Company on all matters that may be of interest to the Board of Directors.
3. Review - with the company's CEO and executive management in accordance with the recommendations of the Chairman - progress in initiatives and important issues facing the company periodically.
4. Provide guidance to the CEO.
5. Participation - through cooperating with the Nomination and Remuneration Committee – in the annual evaluation process of the Board of Directors and members of the Board of Directors.

#### Article #34 Directors Orientation & Continuing Education

- A. The Nomination & Remuneration Committee of the Board shall provide an orientation program for new Directors which will include presentations by Executive Management members on the Company's strategic plans, financial affairs, accounting, risk management, operational activities, Code of Conduct, organizational structure, key policies, key activities, Executive Officers, internal auditors, and external auditors. The orientation program shall also include visits to certain significant branches, to the extent practical. In addition, each new Director shall be provided with an initial information pack which should include copies of Articles of Association, Bylaws, Corporate Governance Manual, extracts from relevant policies, executive summary of the corporate plan, and other essential information.
- B. The Nomination & Remuneration Committee of the Board shall also make available continuing education programs and informative sessions regarding topics that may aid in fulfilling their duties for all members of the Board. All Directors shall also be encouraged to participate in appropriate continuing education programs at the Company's expense to assist them in carrying out their duties and responsibilities.

#### Article #35 Board Secretary

- A. The Board of Directors shall appoint a Secretary from among its members or from outside the Board, and shall determine his duties, authorities, and compensation in the resolution of his appointment. The Secretary may only be dismissed with a resolution from the Board.
- B. The Board Secretary performs several roles including:
1. Ensure that Board procedures that are set by the Board are followed and regularly viewed.
  2. Follow up on Board's decisions, and report back to the Chairman and the CEO on any difficulty encountered.

3. Provide the Chairman and Directors with information about their responsibilities, and provide members with the Board's agenda, working papers, documents, relevant information, and any additional documents or information requested by a member relevant to the topics included in the agenda.
4. Document the Board's meetings and prepare minutes.
5. Ensure that members receive in a full and fast manner copies of the minutes, information, and documents relevant to the Company.
6. Liaise between members.
7. Organize the Board and Executive Management's Disclosures Register in accordance with Article 92 of the Corporate Governance Regulations.
8. Ensure good information flow is present within the Board and between the Board and Executive Management, and preserve reports received by the Board and those made by them
9. Inform the members of the Board of the dates of the meetings well in advance of the set date.
10. Provide assistance and advice to members.
11. Perform any other role assigned to him by the Chairman of the Board.

The remuneration of the Secretary shall be determined in the resolution of his appointment. The term of office of the Chairman, Vice Chairman, Managing Director, and Secretary (if he is a member of the Board) shall not exceed the term of their respective memberships in the Board or the term of the Board (if the Secretary is not a member of it). However, the re-appointment of the Board's secretary is always permitted.

#### Article #36 Meetings

- A. The Board shall meet at least four (4. times per year at an invitation in writing from its Chairman handed personally, by fax, or email (at least seven (7. days prior to the meeting's date). The notification of the meeting may be waived by a document signed from each member personally or by proxy, and the invitation may be sent in a shorter period if the circumstances necessitated an urgent meeting. The Chairman must convene the Board to meet if requested to do so by two (2. Directors. The meeting shall be held at the Company or any other place as determined by the Board. The Board of Directors may issue its decisions in urgent matters through circulation to its members unless requested in writing by a member that a Board meeting should be held to discuss the matter; however, the decision by circulation should be presented to the Board in its first subsequent meeting.
- B. Day-to-day management of the Company is delegated to the CEO and through to the Executive Management team. The Board retains the authorities relating to general strategic matters, policy matters, the Company's capital structure, declaration of dividends, and other major issues affecting the Company. It is not necessary for every decision taken by the Directors to be made at a Board meeting. In addition, it is permitted for the Board to meet through video, voice, or any other form of technological advancement that is approved by the members of the Board.
- C. The Secretary should send notices of Board meetings to all Directors. Board of Directors' Annual Reports should contain a statement of the number of Board meetings held during the reporting period at which a Director attended and did not attend. Absence from Board meeting(s), shall not excuse Directors from their duties to the Company in relation to the matters considered and decided.
- D. Non-Executive Directors shall meet privately and regularly without the attendance of any Executive Director. The Non-Executive Directors shall designate one among them as the to lead those regular meetings.
- E. The Chairman of the Board should preside over the meetings of the Board and is responsible for coordinating the overall management and functioning of the Board. In absence of the Chairman, the Vice Chairman will preside over that meeting; and if both are absent, the Board will mutually elect the Chairman to preside that specific meeting.
- F. If any member of the Board had comments on the performance of the Company or any of the presented topics and the Board did not discuss in their meeting, the comment and a statement of the measures taken or to be taken by the board regarding it should be documented in the minutes of that meeting.

- G. If a Board member had a different point of view than an issued Board resolution, that point of view should be documented in that meeting's minutes in detail.

#### Article #37 Meeting Materials and Presentations

- A. A presentation on a specific subject should be sent to the Board members in advance so that the Board meeting can be focused on questions that the Board may have about the subject. On those occasions where the subject matter is too sensitive to put on paper, the presentation should be discussed at the meeting.
- B. The Board should be given sufficient information to exercise fully its governance functions. This information comes from a variety of sources, including management reports, personal observation, a comparison of performance to plans, analysts' reports, articles in various business publication, etc.

#### Article #38 Meeting Attendance

- A. Directors are expected to attend the Company's General Assemblies and Board meetings, and meet as frequently as necessary to properly discharge their responsibilities including preparation prior to the meeting.
- B. The Chairman and Vice Chairman of the Board may invite one or more members of the Executive Management of the Company to be in regular attendance at Board Meetings and may include other Company's officers and employees from time to time as appropriate under the circumstances.

#### Article #39 Board Quorum

- A. In accordance with article (25. of the Company's Bylaws, Board Meetings shall be valid only if attended by (5. members at least. Furthermore, a Director may delegate attendance to another Director provided that the delegation is in accordance with the following:
1. A Director should not represent more than one member at any one meeting.
  2. The delegation should be in writing.
  3. The delegate may not vote on resolutions that the delegator is prohibited by the laws and regulations to vote on.
- B. The decisions are made by the absolute majority of the Directors who are present or represented. In case of a tie, the vote of the Chairman shall prevail.

#### Article #40 Minutes of Meetings

- A. In accordance with the Companies' Law and CMA regulations, any deliberations and resolutions are to be documented in minutes of meeting that are signed by all present members, the Chairman, and the Secretary. Such minutes shall be entered in a special register, which shall be signed by the Chairman and the secretary. The minutes should include all deliberations and discussions, location of the meeting, date, commencement time, and adjournment time. In addition, all resolutions of the Board and voting results are to be documented in a special organized register that includes all present member and their objections (if any). Furthermore, drafts of the minutes should be sent to members before signing them.
- B. Board Meetings shall be recorded by sequentially numbering the minutes of meeting, which shall reflect the course of proceedings at each Board Meeting and shall contain names and surnames of the persons present at the Board Meeting, the agenda of the meeting, the exact words of the adopted resolutions and issues, opinions, number of votes given to a particular resolution and dissenting opinions. The person preparing the minutes shall be appointed by the Secretary of the Board.
- C. The minutes of Board Meeting, conducted using technological advancements such as teleconference / video conference, shall be signed by all members of the Board taking part in this Board Meeting. The minutes should also mention that the Board member who were not present in person but were present via other means and note his vote in the minutes.

#### Article #41 Succession Planning / Management Development

1. The Board in the effective discharge of its responsibilities also has to oversee succession planning and management development. Accordingly, the following guidelines need to be adhered to:
- A. The CEO shall prepare an annual report on succession planning and management development to be presented to the Board.
  - B. In addition, the Chairman and the CEO's recommendations as to a successor should be available always, in case he is unexpectedly unable to attend to his position.
  - C. The Nomination & Remuneration shall assist the Board in selecting, developing and evaluating potential candidates for Executive Management positions including that of the CEO, and oversee the development of Chief Executive Officer succession plans.
  - D. The Chairman should always have a confidential written procedure for the timely and efficient transfer of his/her responsibilities in the event of his/her sudden incapacitation or departure of his position including his/her recommendations for longer term succession arrangements. The Chairman shall review this procedure periodically with the Nomination & Remuneration Committee.
  - E. The Nomination & Remuneration shall request recommendations and evaluations of the CEO regarding potential successors for Executive Management positions.

#### Article #42 Access to Management and Independent Advisors

- A. In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain external legal counsel, auditors or consultants or establish any other cost for that purpose which the Company will shoulder.
- B. The Board may require any Executive Officer or employee of the Company or any of its subsidiaries, the Company's external legal counsel, and the Company's external auditors to meet with the Board or any committee of the Board. The Board shall use discretion to assure that such contact is not distracting to the business operations of the Company. The Board may also meet with employees or financial analysts of related investment banks. Furthermore, the Chairman should be copies in all written communication and the CEO may be copied in such written communication.

#### Article #43 Board Evaluation

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nomination & Remuneration Committee of the Board shall oversee the annual self-evaluation of the Board which shall include an assessment of the performance and commitment of each individual Director to the activities of the Board. This evaluation shall be an important factor in determining the tenure of Directors as well as the skills and attributes desired in potential Director Candidates.

#### Article #44 Relations with Shareholders

The Board shall develop, oversee and participate in a fair shareholders relation program.

The Board shall treat all shareholders equally in terms of access to information.

The Chairman of the Board shall maintain sufficient contact with major shareholders to understand their issues and concerns and shall ensure that the views of shareholders are communicated to the Board as a whole. Nothing in these guidelines should be taken to override the general requirements of law to treat shareholders equally in access to information.

The Chairman of the Board, President, and other authorized Directors and investor relations personnel shall maintain a dialogue with representatives of institutional and other shareholders regarding long-term business strategies, financial performance and corporate governance in order to establish a mutual understanding of objectives.

The Company shall operate a structured program of investor relations, based on formal announcements and publications relating to significant events and financial results, in compliance with applicable laws, rules and regulations.



The Company shall appoint a Public Relations & Shareholder Relations Officer whose responsibility is to provide information and answer queries of stock exchange officials, shareholders and institutional investors.

Information about the Company including interim and full year financial results and other major announcements will also be published on the Company's website.

#### Article 45: Committees of the Board of Directors

A -The Board has established the following committees to assist it in carrying out its oversight responsibilities:

1. Audit Committee (based on General Assembly Resolution).
2. Nominations and Remuneration Committee.
3. The Executive Committee.

B. Subject to the relevant laws and regulations, the composition of committees of the Board of Directors shall be in accordance with the general procedures established by the Board, indicating the functions, duration and authorities of each committee, and the manner in which the Board monitors its activities. The Committee shall inform the Board of its activities, results, or decisions in full transparency. The Board of Directors shall periodically review the activities of these committees to ensure that the activities assigned to them are carried out properly. The Board of Directors shall approve the internal regulations of all committees of the Board (except for the Audit Committee).

C. A sufficient number of non-executive members of the Board of Directors should be appointed in committees dealing with potentially conflicting activities, such as ensuring the integrity of financial and non-financial reports, reviewing transactions by related parties, nominating Board members, appointing members of the Executive Management, and determining remuneration.

D. Taking into consideration the authorities of the General Assembly, other Committees may be established from time to time as may be required by the Board through the majority voting of the present members at the meeting of the Committee's composition resolution.

E. The purpose and responsibilities of each committee should be described in the Committee's charter.

F. Subject to the relevant laws and regulations, members of the Board Committees shall be appointed based on the recommendation of the Nomination and Remuneration Committee and may be dismissed by the Board at its discretion.

G. Committee members must combine independence (does not necessarily mean being an Independent Member) with experience and other requirements as well as conditions required by applicable laws and regulations.

## Section #4 Board Committees

### Chapter #1 Audit Committee

#### Article #46 Purpose

- A. The Board of Directors being the governing body of the Company that assures the adequate Company management and maintains internal policies and controls for:
1. Safeguarding the Company's assets;
  2. Properly recording the current transactions and events;
  3. Preparing accurate and documented financial information;
  4. Oversee and monitor the enterprise-wide risks for managing the Company's operations
- B. The above aspects must be independent and should be reviewed periodically by the Company's external and internal auditors.
- C. To further strengthen this function and to ensure its objectivity and independence, the General Assembly established the Audit Committee (the "Committee"). The primary purpose of the Audit Committee is to monitor and review the following Company's affairs on behalf of the Board:
1. Adequacy and soundness of internal control systems, financial accounting, reporting, policies, procedures, and effectiveness of internal and external audit functions.
  2. Adherence to applicable regulatory requirements and Company's approved policies and procedures.
  3. Adequacy and soundness of policies and procedures in respect of the safety and security of the Company's assets, and integrity of the Company's financial statements.
  4. Performance of the Company's review of its financial statements by the internal and external audit and their independence.
  5. The Audit Committee is responsible for preparing and publishing its annual report to the Board of Directors and the General Assembly of Shareholders, and the other reports required by the relevant laws and regulations.
- D. It should also be ascertained that the duties of the Audit Committee assist the Board in its oversight role.

#### Article #47 Audit Committee Responsibilities

The Audit Committee will be undertaking the following responsibilities:

##### A. Internal Control and Accounting Policies:

1. Review with the Company's management and internal & external auditors, review the Company's general policies and procedures, and assure the adequacy of financial accounting principles and practices applied by the Company.
2. Consider the effectiveness of the Company's internal control and financial systems, including information technology security and control.
3. Understand the scope of internal and external auditors' review of internal control over financial reporting, and review results reports and significant recommendations, together with management's responses.
4. Review and comment on additions or changes to existing policies and procedures adopted by the management.

##### B. External Audit and Financial Statements Review:

1. On annual basis the Audit Committee shall recommend to the Board the appointment, dismissal, and remuneration of the Company's external auditors as well as report its independence and any other relevant matter
2. Review and confirm the independence of the external auditors by obtaining statements from the external auditors on relationships between the external auditors and the Company, including non-audit services, and discussing the relationships with the external auditors.
3. Review external audit reports; work with and support the external auditors where practicable and to provide an alternative communication link between the external auditors and the Board as and when needed ;and review the actions taken in relation to what the external auditor's report included

4. Oversee the arrangements for the completion of the year end financial statements and compare them with the financial audit plan of the External Auditor (proposed audit scope and approach) including coordination of the financial statements' audit effort with the Internal Audit function.
5. Review with the external auditor the audited financial statements covering the audit approach and accounting adjustments and recommend for improving the internal controls and any other significant audit findings to the Board.
6. Examination of the adopted accounting policies and provide opinions and recommendations to the Board.
7. Annually review and evaluate the external auditor's qualifications, performance, independence, objectivity, fairness, and effectiveness of the annual audit activities including a review and evaluation of the lead partner, taking into account the opinions of the Company's management and Internal Auditors, and present its conclusions to the Board. Audit Committee shall assure the regular rotation of the lead audit partner as required under applicable laws and shall consider the regular rotation of the external audit firm itself to assure continuing auditor independence that should be present.
8. Review the external auditors plan and work and ensure that the external auditor does not provide technical or managerial services outside the scope of his audit to the Company and submit its comments in that regard.
9. On a regular basis, meet with the external auditors privately to discuss any private matters with the Audit Committee or any matter that the external auditors believe that it should be discussed privately and confidentially.
10. Review and monitor the external auditor's comments on the financial statements and monitor the actions taken regarding them.
11. Review the interim and annual financial statements prior to presenting them to the Board of Directors; and to give opinions and recommendations with respect thereto. In addition, study any significant and extraordinary matter included in the financial statements.
12. Review with management and the external auditor the effect of regulatory and accounting initiatives on the Company's financial statements.
13. Review and check the accounting predictions in significant and material matters mentioned in the financial statements.
14. Regularly report to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and the performance and independence of the Company's external auditor.

#### **C. Internal Audit:**

1. Ensure that the Company formally sets the purpose, authority, and responsibility of the Internal Audit Function to provide and preview the ongoing assessments of the Company's operations and internal control system in coordination with the Executive Management and Audit Committee.
2. Recommend to the Board the annual compensation, performance appraisal and salary adjustment of the Head of Internal Audit in line with the Company's compensation and benefits policy.
3. Recommend to the Chairman of the Board to appoint and dismiss the Head of Internal Audit.
4. Oversee the Internal Audit function and review its charter, scope, efficiency, independence, objectivity, performance and work plan. Review with the Head of Internal Audit the results of the Internal Audit on a quarterly basis, or as deemed necessary, and view periodical and annual Internal Audit reports.
5. Review the summary of all Internal Audit reports; including management replies and comments, and the exceptions noted; and pursue the implementation of the corrective measures and procedures in respect of the comments included in the financial statement audit report.
6. Supervise the Company's Internal Audit function to ensure its effectiveness in executing the activities and duties specified by the Board of Directors.
7. Have the final authority to review and approve the annual audit plan and all major changes to the plan.
8. Ensure there are no unjustified restrictions or limitations, and review and concur on the appointment, replacement, or dismissal of the Head of Internal Audit.
9. At least once per year, review the performance of the Internal Auditor and concur on the annual compensation and salary adjustment, if required.
10. Review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

11. On a regular basis, meet separately with the Head of Internal Audit to discuss any matters that should be discussed privately.
12. Study and review the internal control, financial, and risk management systems of the Company.

#### **D. Compliance:**

1. Review the effectiveness of the system for monitoring and extent of compliance with laws and regulations and the results of investigations and follow-ups (including any disciplinary action) of any instances of noncompliance.
2. Review the findings of any examinations done by regulatory agencies, and any auditor observations and ensure that the Company made the necessary procedures in their regard.
3. Review the process for communication and publishing the code of conduct to Company personnel, and for monitoring compliance therewith.
4. Obtain regular updates from management and the Company's General Counsel regarding compliance matters.
5. To raise to the Board matters as it deems necessary to take action on them and to make recommendations for actions to be taken.
6. The duty of Audit Committee is to periodically report to the Board.

#### **E. Information Technology Systems Controls**

The Committee shall consider and review with management, the External Auditors and the Internal Auditor:

1. The effectiveness of, or weaknesses in, the Company's computerized information system and controls
2. Any related significant findings and recommendations of the External Auditors and Internal Audit together with management's responses thereto, including the timetable for implementation of recommendations regarding measures and tools of control, including any significant risks related to major controls over such activities.
3. The status and adequacy of management information systems and other information technology.
4. The Committee shall review with the Internal Auditor and the External Auditors the coordination of the audit effort to ensure complete coverage of system controls and major risk areas related to IT controls.

#### **F. Reporting**

1. Prepare regular reports to the Board on the activities of the Audit Committee and related matters and recommendations.
2. Provide an open communication channel between the Internal Auditor, External Auditor, and Board of Directors.
3. Prepare and presser an annual report to the shareholders that entails the Committee's structure, responsibilities, and any other required information including its approval on the services other than financial statements auditing.
4. Review any other reports issued by the Company related to the Committee's responsibilities.

#### **Other Responsibilities:**

1. Perform other related activities as requested by the Board.
2. Follow up on material, financial, ethical or legal violations; and any serious violations of the Company's policies, regulatory provisions, or code of ethics violations, which are highlighted by the Internal Auditor or any other employee.
3. Oversee and direct any special investigations, as needed, concerning matters relating to the Company's financial statements, internal controls, compliance with the laws or business ethics.
4. Review all significant issues within the scope of the Committee's charter, including any changes in accounting principles, with the management and the external auditors, prior to any decision being reached on reporting and practices to be followed by the Company, and report thereon to the Board.
5. Review and assess the adequacy of Audit Committee charter annually and request the Board's recommendation to facilitate for its approval by the General Assembly for the proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
6. Review with the management the status of Zakat tax returns and tax issues.

7. Review the Company's interim and annual financial statements, including the impact of any unusual items.
8. Confirm annually that all responsibilities outlined in this charter have been carried out.
9. Evaluate the Audit Committee and its members' performance on a regular basis.
10. The Audit Committee, which has the authority, may engage with an independent legal counsel and other consultants, as it deems necessary to carry out its duties.
11. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the submission by employees of the Company of concerns regarding questionable accounting, auditing matters, or any other questionable matters.
12. The Audit Committee shall be available at all times to receive suggestions, questions or recommendations from the external auditors, Internal Auditor and the Executive Management.
13. Provide opinion as to whether the Board of Directors' report and financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy at the request of the Board of Directors.
14. Investigate any matters raised by the Chief Financial Officer or anyone who attends to his duties, the Compliance and Governance Officer or External Auditor.

#### Article 48: Structure of the Audit Committee

- A. The Audit Committee shall be comprised of (3. to (5. Non-Executive members. The committee must also include a finance and accounting specialist.
- B. Members of the Audit Committee shall be appointed by the General Assembly based on the recommendation of the Board. The Nomination and Remuneration Committee shall be responsible to nominate candidates for the Audit Committee and shall submit their names and its recommendation to the Board.
- C. Shareholders' General Assembly shall, upon a recommendation of the Board of Directors, issue rules for appointing the members of the Audit Committee and define the term of their office and the procedure to be followed by the Committee.
- D. The Audit Committee term of office shall not exceed the period of membership of the Board. The membership of the Audit Committee member, if he/she is a Director, shall come to an end at the expiry of his membership of the Board or by his/her voluntary resignation from the Audit Committee. Non-Director's membership will cease by way of his/her resignation or at the end of the Committee's term. The Board may remove Audit Committee member from the membership by a majority vote. In case a vacancy is available in the Committee for any reason, the Board may appoint another member in accordance with sub-clause (b) until his appointment is approved by the General Assembly in accordance with sub-clause (c).
- E. The Committee members shall appoint by a majority vote a Chairman from them.
- F. A member should not undertake any technical, administrative, or other works in the Company even by way of consultancy other than those within the scope of the Committee.
- G. The Audit Committee member shall not have any interest, direct or indirect, in work or contracts made for the Company.
- H. The Audit Committee shall appoint a Secretary to keep records of its proceedings and resolutions. The Secretary can be one of the Committee's members or a non-Committee member. If the secretary is not a Committee member, he will attend the Committee meetings without having any voting rights.
- I. The secretary is responsible for the following:
  1. keeping complete records of the Committee's meetings for the purpose of issuing reports about the performance of the Committee to the Board of Directors.
  2. Circulating the Committee resolutions to the concerned parties.
  3. Coordinating with concerned departments regarding Committee resolution that necessitate compliance with regulatory procedures.
  4. Establishing a mechanism for tracking and following-up the Committee resolutions.

5. Executes any other tasks or responsibilities assigned to him by the Committee's Chairman or any of its members.
6. Preparation of minutes of meetings of the Committee.

#### Article 49: Responsibilities of the Audit Committee Members

- A. The Audit Committee Members shall ensure their duty of care and loyalty, and make every effort to attend all Committee meetings and to effectively participate in discussions. The members shall inform the Chairman in writing in case of their absence.
- B. The members shall preserve the Company's secrets gained through performing their duties and shall not publicize confidential information to shareholders out of the General Assembly or to any other party. In such cases, the member shall be dismissed from the Committee and held responsible for the financial damages caused.
- C. The members of the Audit Committee shall carry on good performance in executing their duties and responsibilities, and shall be updated in their domain in the interests of the Company.
- D. The members of the Audit Committee shall be honest, truthful, and independent in performing their work.
- E. The members of the Audit Committee shall not participate in any occupations that can violate the Code of Conduct of the Company or its principles.
- F. The members of the Audit Committee shall not accept any occupations that are liable to give rise to conflicts of interest with the Company, and those which may prevent them from executing their duties objectively.
- G. The members of the Audit Committee are required to disclose all personal operations and their nature that are executed with the Company, and any personal relation with the Board of Directors and the Executive Management.
- H. The Audit Committee shall establish mechanisms that allow employees to submit their observations on abuses in financial and other reports

#### Article 50: Audit Committee Operations

- A. The Committee will approve its yearly working schedule at the first meeting of each year. At the end of each meeting, the Committee should determine the date of the next meeting.
- B. The Audit Committee shall meet at least four (4. times in every financial year and may meet more frequently from time to time as it considers necessary or as may be required by the Board. Unless otherwise directed by the Board, the Audit Committee shall meet at the Company's Registered Office and a meeting should be held in each quarter of the Company's fiscal year.
- C. No one other than the Audit Committee members shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee.
- D. The agenda of each meeting shall be prepared by the Chairman of the Committee and whenever reasonably possible, circulated to each member prior to the meeting date.
- E. The Chairman shall preside at all meetings of the Committee. The decisions and recommendations of the Audit Committee shall be recorded in the minutes and signed by the Committee's Chairman and the Secretary.
- F. Attendance at the Audit Committee meetings shall be in person and no proxies of the Chairman or any member shall be acceptable. However, members of the Committee may meet through technological advancements.
- G. The Audit Committee shall meet at such times as shall be determined by its Chairman, or upon the request of any two of its members.
- H. The Audit Committee resolutions shall pass by a majority of votes and in case of a tie the Chairman's vote shall prevail. Each Committee member shall have one vote.
- I. The Audit Committee shall submit a summary report to the Board containing its observations and significant

recommendations on the matters considered in the Audit Committee meetings.

- J. The meeting of the Audit Committee shall not be valid unless attended by a majority of the members.
- K. When submitting an invitation to attend the meeting, the draft agenda must be attached, delivered manually or sent to the members electronically or in any other manner. In the absence of the Chairman, the committee elects a member to chair that meeting.
- L. The internal auditor and external auditor may request a meeting with the Committee whenever necessary.
- M-The management's representatives may be invited to attend any or all Audit Committee meetings. Invitations to such Executives shall be coordinated by the Audit Committee Secretary under the directions of the Committee's Chairman.
- N. In case of emergencies or situation beyond the Committee's control and where the Audit Committee meeting cannot be convened, the Audit Committee can issue its decisions via circulation.
- O. The Audit Committee shall keep a record of its observations and recommendations reached in their meetings and submit a report on them to the Board.
- P. In discharging its oversight role, the Audit Committee is empowered to investigate any matter directed to it with full access to all books, records, facilities and personnel of the Company and the power to retain external counsel from auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall shoulder. The Audit Committee may require any Executive officer or employee of the Company or any of its subsidiaries, the Company's legal counsel, and the Company's external auditors to meet with the Audit Committee or any member of the Committee.
- R- The Audit Committee shall self-evaluate its performance annually and shall report its findings to the Board. The Audit Committee evaluation shall include an assessment of the performance and commitment of each member to the activities of the Committee.
- S- The Audit Committee shall prepare an annual report containing the annual financial results and shall be recommended to the General Assembly for approval. The Committee also recommends the appointment of the Company's External Auditor.
- T- The Committee's meetings will be documented in minutes as follows:
  - 1. The minutes shall specify the date and the place of meeting, the name of attendees and absentees, summary of discussions held in the meeting and their related decisions and recommendations shall be recorded.
  - 2. The draft minutes shall be prepared by the Committee's Secretary within seven (7) business days after each meeting and shall be sent to all Committee members for review. Any comments on the minutes from any of the Committee members shall be provided during a week from the draft's receipt date.
  - 3. The Committee's Secretary amends the draft minutes based on the members' comments and sends it attached with these comments to the Chairman.
  - 4. The Secretary of the Committee prepares the final minutes according to the Chairman's recommendations and sends it to the Committee members duly signed by the Chairman and himself.
  - 5. The signed copy of the minutes shall be kept attached with its related documents, attachments, and correspondence in a special file.

#### Article 51: Remuneration of the Committee

- A. Each member of the Committee shall be entitled to the following remunerations:
  - 1. Attendance allowance for each meeting of three thousand (SAR 3,000) Saudi Riyals per meeting attended by the member.
  - 2. Annual compensation of one hundred thousand (SAR 100,000) Saudi Riyals per year.
  - 3. In the remuneration of the members of the Committee, performance-related criteria, such as the remuneration or part thereof, must be considered in relation to the performance of the member such as his attendance of meetings.
- B. Members of the Committee who reside outside the Company's official location shall be entitled to compensation for all expenses incurred by them to attend the meeting, provided that such expenses are reasonable and acceptable in accordance with business standards such as travel, meals, accommodation and other expenses incurred specifically for the purpose of work.
- C. The Board of Directors should submit and declare to the General Assembly reports received, compensations,

and other payables that were made to the members of the Committee.

#### Article 52: Authority

To achieve its objectives the Audit Committee is authorized to:

1. Perform the specific duties and functions enumerated in this Charter and upon the directions and approval of the Board, to investigate any of the Company's activities.
2. Call on the External Auditors and seek information and clarifications regarding the audit affairs of the financial statements of the Company with unrestricted access to the Company's management and staff at all levels to seek reports or information about the Company's financial affairs, as it deems necessary to fulfill its responsibilities as well as having the right to view the Company's records and documents.
3. Findings and recommendations should be reached before implementing any corrective actions by the Board and the Committee shall not issue any directives to the Company's management in this regard. The Board shall either accept and implement the recommendations or advice of the Audit Committee or advise the Audit Committee of the reasons for any deviations from the proposal of the Audit Committee.
4. The Audit Committee shall have the right to invite the General Assembly in the event that the Board has obstructed its work or if the Company has suffered serious damages or losses.
5. The Audit Committee may request any statement or clarification from the members of the Board of Directors or the Executive Management.
6. If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to accept the recommendation of the Committee regarding the appointment of the Company's external auditor, his dismissal, determining his fees, evaluating his performance or appointing the internal auditor the Board of Directors' Annual Report should include the Audit Committee's recommendation and justification and the Board's reasoning of not following it.

#### Chapter #2 Nomination & Remuneration Committee Charter

#### Article 53: Introduction

Shareholders' General Assembly, upon a recommendation of the Board of Directors, issued the rules for the appointment of the members of Nomination & Remuneration Committee, their remunerations, and terms of office and the Committee's Charter

The Board, based upon the recommendation of the Nomination & Remuneration Committee and in accordance with the Company's bylaws, shall determine the form and amount of Committee members' Compensation for approval at the General Assembly Meeting (if they were members of the Board). The Committee shall conduct an annual review of members' compensation.

#### Article 54: Purpose

- A. The primary purpose of the Nomination & Remuneration Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to assist the Board in:
  1. Identifying individuals qualified to become Board members
  2. Recommending to the Board the Director nominees for each committee of the Board.
  3. Overseeing the evaluation of the Board and Executive officers.
  4. Overseeing all matters relating to the CEO and Executive officers.
  5. Review Board succession plans.
  6. Evaluate the Board's performance in:
    - Executive Management remuneration and incentive policies.
    - Recruitment, retention, and termination policies for the Executive Management.
    - Incentive and compensation schemes.
    - Retirement arrangements.
- B. In performing its duties, the Nomination and Remuneration Committee shall have direct access to the resources of the company as it may be required to maintain effective working relationships with the management.

## Article 55: The Committee Responsibilities

### A. Nominating Responsibilities:

1. The Committee shall suggest clear policies for the membership of the Board and Executive Management and assist the Board in identifying individuals qualified to become Board members. In addition, recommend to the Board the nominees to stand for election as Directors at the annual Shareholders' General Assembly Meeting. The Committee may not consider individuals proposed by shareholders and management.
2. Annual review of the requirement of suitable skills for membership of the Board of Directors and Executive Management and the preparation of a description of the required capabilities and qualifications for such memberships including, inter alia, the time that a Board member should reserve for the activities of the Board.
3. The Committee shall review the composition and structure of the Board and Executive Management, and recommend to the Board any changes that may be made.
4. The Committee shall assist the Board in selecting, developing and evaluating potential candidates for Executive officer positions, including the CEO, and oversee the development of Executive Management succession plans.
5. The Committee shall monitor the orientation program for new Directors.
6. The Committee shall develop and recommend to the Board for its approval an annual self-evaluation process for the Board (if any) and shall oversee the annual self-evaluation of the Board (if any).
7. The Committee shall assist the Board in determining on an annual basis the compliance of each Director and Executive officer with the Company's Code of Conduct and Ethics and shall report any violations of the Code to the Board.
8. Review the structure of the Board including size of compensation, skills, knowledge, and experience; and issue a suitable recommendation in that regard.
9. Determine the points of strength and weakness in the Board of Directors and issue recommendations that are compatible with the Company's interest.
10. Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company.
11. Develop a job description of executive members, non-executive members, independent members and executive officers.

### B. The Remuneration and Compensation Responsibilities:

1. Draw clear policies regarding the compensation and remunerations of Board members, Board Committees, and Executive Officers; in laying down such policies, the standards related to performance shall be followed and sent it to the Board prior to submitting it to the General Assembly for approval.
2. The Committee shall have the direct responsibility to recommend to the Board the form and amount of Director, Committee member, and Executive Management Compensation in accordance with the approved policies. In discharging this responsibility, the Committee shall seek to attract, motivate, reward and retain Directors of high integrity and superior ability who are focused on enhancing long-term shareholder value and the Committee should submit an annual remuneration report to the Board for its approval.
3. The Committee shall have sole authority to retain compensation consultants and other advisors as it deems necessary to carry out its duties and shall have the sole authority to approve related fees.
4. Recommend to the Board of Directors the appointments to membership of the Board in accordance with the approved policies and standards; the Committee shall ensure that no person who has been previously convicted of any offense affecting honor or honesty is nominated for such membership.
5. The Committee should determine the amount of time a Board member should allocate to perform Board works.
6. The Committee shall perform such other activities as the Board may assign to the Committee from time to time.
7. The Committee shall review and assess the adequacy of this Charter annually and the Compensation Policy periodically and assess its effectiveness in achieving the desired goals; and recommend any proposed changes to the Board for approval or review prior to the submittal to the General Assembly for approval.

## Article 56: Committee Structure

- A. The Committee shall consist of at least three (3) members and not more than five (5) members.

- B. Each of the Chairman and members of the Committee shall be appointed by the Board and may be dismissed by the Board at its discretion. The Chairman of the Committee shall be appointed by a vote or agreement of the members of the Board.

- C. The term of membership of the Nomination and Remuneration Committee shall not exceed the term of membership of the Board of Directors. The membership of the Nomination and Remuneration Committee should be terminated (in case the member was a member of the Board) in the event of termination of his membership in the Board or voluntary resignation from the membership of the Nomination and Remuneration Committee. In addition, a non-member of the Board of Directors ends his membership of the Committee by resigning or at the end of the membership of the Committee. The Board of Directors may dismiss a member of the Nomination and Remuneration Committee by a majority vote.

## Article 57: Committee Operations

- A. The Committee shall meet upon invitation of its Chairman or at the request of any two of its members. The invitation shall be accompanied by the agenda of the meeting, delivered by hand or sent to the members electronically or in any other manner in a period not less than seven (7) days before the date of the meeting, unless it has been changed by mutual agreement of all members. In the absence of the Chairman, the Committee shall elect a Chairman to preside over that specific meeting.
- B. The Committee shall meet periodically and not less than once (1) a year and may meet when necessary. It is permissible for the Committee to meet through means of technological advancements.
- C. No one other than the Committee members shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee.
- D. The agenda of each meeting shall be prepared by the Chairman of the Committee and circulated to all Members prior to the meeting, whenever possible.
- E. The Chairman of the Committee shall preside over the meetings when he or she is present, and the Committee shall appoint another member to preside instead of him in his absence.
- F. The quorum necessary for the Committee's meetings is the presence of the majority of its members. A member of the Committee shall have one vote and all resolutions should be issued by the majority of present votes and in case of a tie the Chairman's vote shall prevail.
- G. The Committee should keep a register to document its minutes in.
- H. The Committee's meetings will be documented by its Secretary as follows:
1. The minutes shall specify the date and the place of meeting, the name of attendees and absentees, summary of discussions held in the meeting and their related decisions and recommendations shall be recorded.
  2. The draft of the minutes shall be prepared by the Committee's Secretary within seven (7) business days after each meeting and shall be sent to all Committee members for review. Any comments on the minutes from any of the Committee members shall be provided during a week from the draft's receipt date.
  3. The Committee's Secretary amends the draft minutes based on the members' comments and sends it attached with these comments to the Chairman.
  4. The Secretary of the Committee prepares the final minutes according to the Chairman's recommendations and sends it to the Committee members duly signed by the Chairman and himself.
  5. The signed copy of the minutes shall be kept attached with its related documents, attachments, and correspondence in a special file
  6. A report of these minutes shall be submitted to the Board of Directors.
- G. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain external counsel from auditors or consultants, or incur other expenses for this purpose, which expenses the Company will shoulder. The Committee may require any Executive officer or employee of the Company or any of its subsidiaries, the Company's legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.
- H. The Committee shall evaluate its performance annually and shall report its findings to the Board. Committee evaluation shall include an assessment of the performance and commitment of each member to the activities of the Committee.

## Article 58: Remuneration of the Committee

- A. Each member of the Committee is entitled to the below compensation:

1. Attendance allowance for each meeting of three thousand (SAR 3,000) Saudi Riyals per meeting

- attended by the member.
  - 2. Annual compensation of one hundred thousand (SAR 100,000) Saudi Riyals per year.
  - 3. In the remuneration of the members of the Committee, performance-related criteria, such as the remuneration or part thereof, must be considered in relation to the performance of the member such as attending the meetings.
- B. Committee members who are resident outside the Company's Registered Office location are entitled to all out of pocket expenses incurred by them to attend the meeting. Such out of pocket expenses will include reasonable and acceptable expenses as per the business norms for items such travel, meal, accommodations and other expenses specifically incurred for business purposes.
- C. Board of Directors should present and declare to the General Assembly the remunerations and other payments made to the Committee members.

### Chapter # 3 The Executive Committee Charter\*

#### Article 59: Purpose

The primary purpose of the Executive Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.

#### Article 60: The Committee Responsibilities

- A. The following functions shall be the common recurring activities of the Committee in performing its responsibilities. These functions are set forth as a guide with the understanding that the Company may diverge from this guide as appropriate given the circumstances:
1. The Committee shall assist the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.
  2. The Committee shall assist the Board in the development of the Company's major strategic goals and investment strategies, which the Board shall approve.
  3. The Committee shall facilitate Board in defining and setting the vision and duties of the Board.
  4. The Committee shall set the business plan based on which it will assist the Board in determining the Company's vision, message, and direction of the business.
  5. The Committee shall set the key aims and strategic objectives that will aid in achieving outcomes required from the Company.
  6. The Committee shall assist the Board in conducting a strategic review of the Company's performance on a regular basis to determine whether the Company is meeting its short and long-term objectives.
  7. The Committee shall participate in the review and approve all major investment decisions, in line with the Company's approved strategies.
  8. The Committee shall be responsible for the formation or restructuring of any joint venture or partnership including any associated expenditure.
  9. The committee shall develop the Company's investments such as to increase the market share and maximizing profit.
  10. The committee shall enhance and upgrade the Company's technologies and technical support.
  11. The committee shall be responsible to manage vendor relationship with key suppliers.
  12. The committee shall be responsible to set the business processes and operational policies and procedures to be followed while executing the day-to-day operations of the Company. The committee should also monitor the adherence to these procedures, identify any challenges in adhering these policies and procedures and providing action plans to overcome these challenges.
  13. The committee should explore means of effective business development in terms of cost, effectiveness and customer satisfaction.
  14. The committee should ensure that there is a proper coordination and transfer of opinions and views between the Executive Management and key departmental head managers.
  15. The Committee should monitor the performance of the CEO and Executive Management with regard

- to the implementation of the business plan set by the board.
- 16. The Committee shall review the capability of the business partner involved in projects undertaken by the Company, if any.
- 17. Defining investment strategy and investment policies (subject to approval of the Board), including policies and guidelines regarding asset classes, asset allocation, prohibited investments and valuation.
- 18. Review proposed new investments and to monitor the compliance of those investments with the investment policies and procedures of the Company.
- 19. Consider whether a proposed investment is beneficial for the Company, requires special attention, and seek the approval of the Board
- 20. Review and approve periodically methods of monitoring the Company's investments or other measurement devices employed by the Company to monitor the performance of its investments.
- 21. Review the Zakat or taxation treatment and zakat or taxation compliance issues associated with investment transactions in cooperation with the Audit Committee.
- 22. Review the accounting treatment and disclosures of each investment transaction that is required to be declared in accordance with the laws and regulations, and ensure that the evaluation is made in accordance with the applicable accounting standards.
- 23. Monitor on an ongoing basis the performance of the Company's investment advisers and decide on their retention or dismissal as it deems appropriate
- 24. Evaluating investments results periodically and to provide with necessary reports to the Board of Directors, including:
  - Review the recommendations of the Executive Management.
  - Review the components of the current and future investment portfolio.
  - Ensure the compliance of employees managing cash with the investment policy.
  - Review buying and selling decisions.
- 25. Perform such other responsibilities regarding the Company's investment activities or policies or other matters.
- 26. The Committee may view any of the Company's books and records. The Committee may appoint any auditor or legal counsel on the Company's expense. The Committee may request any officer or employee of the Company to attend the meetings of the Committee and provide any available information on the Company. Furthermore, the Committee may conduct investigations or studies of internal matters of the Company based on the Committee's scope and responsibilities. The CEO, after discussion with the Committee, may retain or terminate any consultant appointed by the Committee to help the Company in achieving its responsibilities including the authority to approve the fees or shoulder other compensation or other conditions to keep it, and these fees and others will be compensated by the Company.
- 27. The Committee shall share the powers and authorities with the Board in performing and approving activities except the following:
  - Approving the annual budget.
  - Final approval on the periodic and annual financial reports.
  - Attest the Company's business strategies.
- 28. The Committee shall carry out other activities at the Board's discretion.

#### Article 61: The Committee Structure

- A. The Committee members shall not be less than (3) or more than (5) members.
- B. Members of the Committee shall be appointed by the Board of Directors, and may be terminated by the Board at its discretion.
- C. One of the members shall serve as the Chairman of the Committee by its members' majority vote, and the Committee shall appoint a secretary for it.
- D. The Committee term shall be for a period that will not to exceed the term of office of the Board. The membership of Committee member, if he is a Director, shall come to an end at the expiry of his membership of the Board or by his voluntary resignation from the Committee membership.

#### Article 62: The Committee Operations

- A. The Committee shall meet at least once annually. The interval between each meeting shall not exceed four months.
- B. No one other than the Committee members shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee.

- C. The agenda of each meeting shall be prepared by the Chairman of the Committee whenever reasonably possible, and circulated to each member prior to the meeting date.
- D. The Chairman shall preside at all meetings of the Committee, and in his absence, the Committee shall choose a member to chair that meeting.
- E. A presence of a majority of the members of the Committee shall constitute a quorum. Each member of the Committee shall have one vote. Resolutions are passed through a majority vote of present members and in case of a tie, the Chairman's vote shall prevail.
- F. The Committee shall keep its minutes of meeting and present them to the Board. The Committee may meet through technological advancements and may take unanimous written consent to complete the procedures.
- G. The Committee shall evaluate its performance annually and shall report its findings to the Board. The Committee evaluation shall include an assessment of the performance and commitment of each member to the activities of the Committee.

\* This committee is not obligatory, and the Board may construct it as it deems necessary.

#### Chapter #4 Risk Management Committee\*

##### Article 63: Purpose

The main objective of the Risk Management Committee of the Board of Directors of Saudi Catering Company is to assist the Board in performing risk management activities and tasks in order to facilitate the Company's operations and achieve its objectives.

##### Article 64: Responsibilities of the Committee

- A. The Committee shall carry out the following tasks, with an understanding of the possibility of diverging based on circumstances:
  1. Develop a comprehensive risk management strategy and policies in accordance with the nature and size of the company's activities, and verify their implementation, review and update based on the internal and external variables of the Company.
  2. Determine an acceptable level of risk that the Company may be exposed to and maintain it and verify that the Company does not exceed it.
  3. Verify the feasibility of continuing the company and continue its activity successfully, while identifying the risks that threaten its continuation over the next 12 months.
  4. Oversee the Company's risk management system and assess the effectiveness of the systems and mechanisms of identifying, measuring and monitoring risks that may Company may be exposed to identify its deficiencies.
  5. Prepare an assessment of the Company's ability to take risks and be exposed to periodically (for example but not limited to through stress tests).
  6. Prepare detailed risk exposure reports and proposed steps to manage these risks and submit them to the Board of Directors.
  7. Make recommendations to the Board on matters related to risk management.
  8. Ensuring adequate resources and systems are available for risk management.
  9. Review the organizational structure of risk management and make recommendations on it before it is approved by the Board.
  10. Verify the independence of risk management personnel (if any) from activities that may result in the Company's exposure to risk.
  11. Ensure that risk management personnel (if any) understand the risks surrounding the Company and work to increase awareness of the risk culture.
  12. Review the issues raised by the Audit Committee that may affect the Company's risk management.

##### Article 65: Structure of the Committee

- A. The number of members of the Committee shall not be less than three (3. and not more than five (5. members. The Chairman of the Committee and the majority of its members shall be non-executive members and members shall be required to have an adequate level of knowledge in risk management and financial affairs.
- B. The members of the Committee shall be appointed by the Board of Directors and may be dismissed by the Board at its discretion.

- C. A member shall be the Chairman of the Committee by a majority vote of the Committee, and the Committee shall appoint a Secretary.
- D. The term of office of the Committee shall not exceed the period allocated to the Board of Directors, provided that the membership of the members of the Committee shall terminate, if he is a member of the Board, upon the termination of his membership in the Board or his voluntary resignation from the membership of the Committee.

##### Article 66: Operational Operations of the Committee

- A. The Committee shall meet at least once every six months.
- B. No one other than the Committee members shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee. C. An agenda for meetings shall be prepared by the Chairman of the Committee whenever possible and the members shall be notified by circulars prior to the meeting.
- D. The Chairman of the Committee shall preside over all the meetings of the Committee. In the event of his absence, the Committee shall elect a member to chair that meeting.
- E. The majority of the members of the Committee shall constitute a quorum. Each member of the Committee shall have one vote. Decisions shall be valid by the majority of the votes represented at the meeting, and in case of a tie, the Chairman's vote shall prevail
- F. The Committee shall keep its minutes of meetings and submit them to the Board. The Committee may meet through means of technological advancements and unanimous written consent may be taken to complete the proceedings.
- G. The Committee must evaluate its performance annually and a report on the results must be submitted to the Board, which must include the Committee's assessment of the performance and extent of each members commitment to the Committee's activities.

\* This committee is not obligatory, and the Board may construct it as it deems necessary.

#### Chapter #5: Governance Committee Charter

##### Article 67: Purpose

The main objective of the Corporate Governance Committee of the Board of Directors of Saudi Airlines Catering Company is to assist the Board in carrying out the activities and functions related to the Company's governance in order to facilitate the Company's operations and achieve its objectives.

##### Article 68: Responsibilities of the Committee

- A. The Committee shall carry out the following tasks, with an understanding of the possibility of diverging based on circumstances:
  1. Recommend to the Board the rules of corporate governance, their amendments and updates.
  2. Verify the company's compliance with the rules of governance.
  3. Review and update governance rules in accordance with regulatory requirements and best practices.
  4. Review and develop professional code of conduct that represent the values of the Company, and other internal policies and procedures to meet the needs of the Company and conform to best practices.
  5. Ensure that Board members are kept informed of developments in corporate governance and best practices.
  6. Follow up on any other issues related to the application of governance.
  7. Provide the Board of Directors with reports and recommendations it reached annually.

##### Article 69: Structure of the Committee

- A. The number of members of the Committee shall not be less than three (3. and not more than five (5. members.
- B. The members of the Committee shall be appointed by the Board of Directors and may be dismissed by the Board at its discretion.
- C. A member shall be the Chairman of the Committee by a majority vote of the Committee, and the Committee shall appoint a Secretary.
- D. The term of office of the Committee shall not exceed the period allocated to the Board of Directors, provided that the membership of the members of the Committee shall terminate, if he is a member of

the Board, upon the termination of his membership in the Board or his voluntary resignation from the membership of the Committee.

#### Article 70: Operational Operations of the Committee

- A. The Committee shall meet at least once a year.
- B. No one other than the Committee members shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee.
- C. Meetings agenda shall be prepared by the Chairman of the Committee whenever possible and the members will be notified by prior to the meeting.
- D. The Chairman of the Committee shall preside over all the meetings of the Committee. In the event of his absence, the Committee shall elect a member to chair that meeting.
- E. The majority of the members of the Committee shall constitute a quorum. Each member of the Committee shall have one vote. Decisions shall be valid by the majority of the votes represented at the meeting, and in case of a tie, the Chairman's vote shall prevail.
- F. The Committee shall keep its minutes of meetings and submit them to the Board. The Committee may meet through means of technological advancements, and unanimous written consent may be taken to complete the proceedings.
- G. The Committee must evaluate its performance annually and a report on the results must be submitted to the Board, which must include the Committee's assessment of the performance and extent of each member's commitment to the Committee's activities.

\* This committee is not obligatory, and the Board may construct it as it deems necessary.

### Section #5 Executive Management

#### Article 71: The Role of Executive Management

- A. The Chief Executive Officer shall provide the required communication between the members of the Board of Directors and the Executive Management Team.
- B. The Executive Management, through the CEO, or through meetings with the Board, shall provide the Board and its Chairman with sufficient information to perform their responsibilities and make recommendations on increasing and reducing the Company's capital, dissolving the Company before the time specified in its bylaws or decide its continuation, use the consensual reserve of the Company, establish additional reserves of the Company, and the method of distribution of dividends.
- C. Executive Management through the CEO or through meetings with the Board will assist Board members in setting the Company's strategic direction to increase revenue and profitability.
- D. The CEO shall provide advice, direction and guidance, while allowing the Executive Management Team to carry out the key plans and procedures in accordance with the policies established in this regard.
- E. The Executive Management should propose full plans for key and interim strategies and operations that increase market share and profitability of existing or new companies, propose policies and mechanisms of investment, financing, risk management and contingency management and their implementation.
- E. The Executive Management shall conduct a strategic review of the Company's performance on a regular basis to determine the extent to which the Company achieves its short and long-term objectives (whether financial or non-financial) as determined by the Board.
- G. The Executive Management should review the operational results of the company and the joint ventures, compare them with the specified objectives, and monitor them to ensure that appropriate measures are taken to correct any unsatisfactory results, and prepare financial and non-financial reports on the progress of the Company's activity in light of the company's strategic plans and objectives and present the reports to the Board.
- H. The Executive Management should establish and maintain an effective communications system throughout the organization to ensure that the responsibilities, authorities and accountability of all heads are defined and understood, and that policies and procedures are implemented to ensure that the company complies with rules and regulations and its obligation to disclose material information to shareholders and stakeholders.
- I. The CEO should represent the Company with senior clients, government entities, joint venture partners and the financial community as well as represent the Company with the public, if delegated by the Chairman of the Board, and also participate in business development activities with distinguished clients and enhance the name and image of the Company.

- J. The Executive Management shall propose the organizational and functional structures of the Company and submit them to the Board to consider their approval.
- K. The Executive Management shall implement the internal policies and regulations approved by the Board.
- L. The Executive Management should propose the optimal capital structure of the Company, its strategy and financial objectives, and propose the main capital expenditures of the Company and the ownership and disposal of assets.
- M. The Executive Management shall implement internal control systems and controls and generally supervise them.
- N. The Executive Management shall implement the Company's corporate governance policy and propose its amendment when necessary, in accordance with the relevant laws and regulations.
- O. Proposing the policy and types of remuneration given to employees, such as fixed remunerations and bonuses related to performance and bonuses in the form of shares.
- P. Manage the day-to-day operations of the Company and conduct its activities, as well as managing its resources in an optimal manner and in accordance with the objectives and strategy of the Company.
- Q. Effective participation in building and developing a culture of ethical values within the Company.
- R. Implement the internal control systems related to the Company's work and development, including defining the tasks, competencies and responsibilities assigned to it to the different organizational levels.
- S. Propose a clear policy for the delegation of work to it and the manner of its implementation, and to propose the authorities delegated to it, the decision-making process, and the duration of the delegation as well as to submit to the Board periodic reports on the exercise of those powers.
- T. Subject to the powers and responsibilities of the Board and the General Assembly of the shareholders, the CEO shall have the final decision in the above, and the executive management shall provide the necessary assistance to the CEO in making his decisions.

#### Article 72: succession planning / management development

In addition to fulfilling its responsibilities effectively, the Board of Directors shall supervise succession planning and management development, and shall abide by the following guidelines:

- A. The CEO should prepare an annual report on succession planning and management development to be submitted to the Board.
- B. Recommendations should be made by the CEO and available at all times regarding the person who will assume his position if he/she is unable to attend to his duties unexpectedly.
- C. The Nomination and Remuneration Committee should assist the Board in selecting, developing and evaluating potential candidates for executive positions, including the Chief Executive Officer, and overseeing the development of succession plans of the CEO.
- D. The Nomination and Remuneration Committee shall seek the recommendations and assessments of the Company's Chief Executive Officer regarding potential successors for executive management positions.

#### Article 73: Evaluation of the executive management of the company

- A. The Board shall, through the Nomination and Remuneration Committee, evaluate the CEO of the Company on his performance against the objectives set by the Board (including the results of the business, the achievement of the Strategy, etc.).
- B. The criteria for evaluating the CEO of the Company must be in line with the long-term interests of shareholders.
- C. The CEO of the company is evaluated against a group of peers and a significant portion of the president's total compensation is based on performance.
- D. The Executive Management shall be evaluated at the end of each financial year by the CEO against the objectives set for them and delegated to by him during the year which are in line with the objectives set for the CEO by the Board.
- E. The evaluation of the Chief Executive and Executive Management shall be through appropriate performance indicators.
- F. The assessment shall determine weaknesses and strengths and suggest their corrections in accordance with the company's interest.
- G. The annual bonuses of the Executive Management should be based on the evaluation of their performance.

#### Article 74: Delegation of executive management

- A. with respect to the powers of the General Assembly of Shareholders, the Board of Directors or the Chairman of the Board may, in accordance with the bylaws of the Company, delegate the CEO with any of his powers to facilitate his business in the company's daily affairs to the extent of achieving the Company's goals. In



that, the Board or the Chairman should avoid the issuance of delegations and powers of attorney that are general or without a duration provided that the term of office shall not exceed the duration of the session of the Board.

- B. The CEO may delegate any of the employees of the Company or a third party with any of his authorities or authorities delegated to him by the Board of Directors, provided that it is for a specific purpose whose termination ends the delegation. The CEO is not entitled to issue delegations or powers of attorney that are general or for long term periods of time.
- C. The CEO may delegate any members of the Executive Management to take the daily decisions related to their departments in order to facilitate their business and to achieve the objectives and goals of the Company.

#### Article 75: Criteria for the Formation of Executive Management

- A. The Board shall be responsible for the nomination of members of the Executive Management, based on the recommendations of the Nominations and Remuneration Committee.
- B. Executive Management members are appointed on the basis of the decision of the CEO.
- C. The head of the Internal Audit Department and head of Risk Management Department (if any) shall be based on the decision of the Board based on the recommendation of the Audit Committee, provided that the decision determines their remuneration, responsibilities, scope of their work, and the duration of the contract with them.
- D. In the process of selection of members of the Executive Management it shall be considered that they are persons of competence and experience in the areas of the vacancy, and the decision-making body may specify the criteria and qualifications required for the employment of the vacant position.
- E. If occupy an Executive position at the Company, you should follow the following procedures:
  - 1. An employee of the Department shall be appointed in the vacant position by acting through a decision of the CEO of the Company in accordance with the set succession plans until appointing a permanent person for that vacancy.
  - 2. If the Nomination and Remuneration Committee has candidates for that position, the interview procedures shall be conducted to select the appropriate person for the post in consultation and cooperation with the Chief Executive Officer of the Company.
  - 3. If the person who is acting in that position is able to assume its responsibilities, the CEO may appoint him to that position.
  - 4. The Company, the Nomination and Remuneration Committee and the Chief Executive Officer may diverge from these depending on the circumstances and available resources.

#### Article 76: Remuneration and remuneration of executive management

- A. The Board shall determine the remuneration and bonuses of the Chief Executive Officer in his appointment resolution and shall record such remuneration and bonuses in his contract.
- B. Bonuses and remuneration of Executive Management will be based on internal policies and procedures of the Company, and are determined based on the position grade given to a member of the Executive Management, with the exception of the head of the Internal Audit Department, which the Board will determine his bonuses and remuneration based on the recommendation of the Audit Committee.
- C. The remuneration and bonuses of the Executive Management shall be proportionate to the tasks, responsibilities, academic qualifications, professional experience, skills and level of performance.
- D. Immediately upon the knowledge of any misleading information provided by the member of the Executive Management to exploit the status of the employee to obtain undeserved bonuses the Company should stop the remuneration of such person immediately upon becoming aware of it. The Company shall make a claim for the undeserved remunerations paid to that member of the Executive Management through the competent authorities or internally in the Company.
- E. The Nomination and Remuneration Committee shall review the remunerations and bonuses of the Executive Management periodically to ensure the reasonable adequacy to attract and retain people with competence and experience, and care to encourage them to develop the Company in the long term.
- F. In the remuneration of Executive Management members, performance-related criteria should be considered, such as whether the remuneration or part thereof is linked to his performance such as linking his annual bonus to his performance towards his responsibilities and objectives.

## Section #6 Company Policies

### Chapter #1 Risk Management Policy

#### Article 77: Purpose

- A. The Risk Management Policy is considered an integral part of the Company's internal controls and governance.
- B. The policy clarifies the definition the Company holds for risks, describes the purpose of risk management, explains the Company's mechanism to manage risks, document the roles and responsibilities of the main stakeholders, describes the role of the risk management procedure in the internal control system as a whole, determines the main report procedures, and explains the procedure the Board should undertake to evaluate the internal control procedures.

#### Article 78: Definitions and Purpose of Risk Management

- A. Risk can be defined as anything that may hinder the Company or prevent it from achieving any of its goals.
- B. The purpose of this policy is to determine risks as much as possible that may face the Company. This is to enable the Company to take the proper procedures to avoid and mitigate their affect towards the Company's results and achieve its goals and strategy in the required manner.

#### Article 79: The role of the Board in risk management

- A. The Board of Directors has the responsibility of overseeing the risk management practice in the Company as a whole, and their role is mainly as follows:
  - 1. Determine main risks that the Company may face.
  - 2. Determine the required procedure to prevent facing that risk, or mitigate its affect on the Company.
  - 3. The board has the right to delegate risk related decisions to any of the Company's divisions, for example delegating the Finance Department for financial risks, the Legal Department for legal risks, and that delegation shall not relieve the Board from their responsibility.
  - 4. The Board has other roles that were determined in its chapter in the Corporate Governance Manual of the Company.

#### Article 80: Role of the Audit Committee in Risk Management

- A. Analyse and review risk management systems of the Company.

#### Article 81: Role of Executive Management

- A. Implement the Risk Management and Internal Control Policies that were approved by the Board.
- B. Ensure that minor risks are under control and managed efficiently; and provide sufficient information in the appropriate time frame to the Board and Audit Committee regarding the status of that risk and the level of control over it.
- C. Provide data and updates to the Board that relate to risks and their management that were determined by the Board.
- D. Provide data and updates regarding risks that face the Company; yet, were not determined previously.

#### Article 82: Risk Management Procedures

- A. The Chief Executive Officer upon his knowledge (if the need requires it, based on the followed policies) inform the Board to review the matter based on the followed policies. If the followed policies did not require informing the Board, the Chief Executive Officer should take the necessary actions regarding those risks and inform the Board in its following meeting.
- B. The procedures of risk management should be followed in accordance with the risk management procedures of the related responsible authority in the Company such as the Board, committees, divisions, and departments based on the size and type of that risk.
- C. The board and Audit Committee are responsible for reviewing the effectiveness of the policy and procedure of the Company's risk management based on the information provided by the Executive Management, relevant divisions, and external auditor.

## Chapter 2: Internal Control Policies

### Article 83: Conflicts of Interest

- A. Members of the Board of Directors should not have any direct or indirect interest in transactions or contracts concluded for the Company's account, except with the prior permission of the General Assembly of Shareholders and that permission should be renewed annually. However, transactions made through public tenders shall be excluded from these restrictions provided that the Board member offers the best proposal.
- B. The member should disclose to the Board any personal interest he may have in the contractual transactions concluded for the Company's account. Such disclosure should be recorded in the minutes of the meeting of the Board, provided that the member shall not participate in the vote regarding the decision to be taken in this regard in both the Board's meeting or the General Assembly.
- C. The Chairman of the Board shall disclose to the General Assembly of the shareholders the transactions and contracts in the event that a member has an interest in and that disclosure shall be accompanied by a special report from the external auditor.
- D. Members of the Board of Directors may not disclose to shareholders outside the General Assembly of shareholders or third parties the secrets of the Company that they came to know by virtue of their membership; otherwise the Company may dismiss them and hold them liable for damages.
- E. The Company is not entitled to grant cash loans at all to any of its Board members or to provide a guarantee to a Board member in respect of any loan with a third parties.
- E. The shareholders and employees of the Company shall avoid situations that lead to conflicts of interest with the interests of the Company, and shall in such case deal with them in accordance with the regulations established by the competent authority.
- G. Some of the most common conflicts of interest, for example but not limited to:
- Committing to another work that would create an actual or potential conflict with the interests of the company.
  - Investment with an existing or potential competitor, or with any of the Company's suppliers, contractors, consultants or clients so that it has a substantial interest.
  - Dealing with the related parties to the company in such a way that there is a direct interest or interest between the person working for the company and one of the contracting parties with the company.
  - Loyalty to relatives where the employee has a role in making a decision to contract the company with a commercial establishment belonging to a relative or to have administrative authority over a relative working in the company.
  - Participating in a business, providing a service, or becoming a member of a board of directors or a committee in a competing enterprise or competing with the company in any of its activities.
  - Representing other parties in front of the company in the transactions in which the company is a party.
  - Use assets and property of the company for personal benefit. Provide additional services to customers because of personal relationship or benefit.
- H. Any person whose interests are in conflict with the interests of the Company either employees, shareholders, any of the stakeholders or others, shall inform the Company's management of its interest in order to take the necessary procedures including the necessary authorizations from the General Assembly, to disclose conflicts of interest according to the requirements set by the competent authority, the company's disclosure policy, and informing the Authority. Any member of the Board, Executive Management and employees of the Company who have matters of conflict of interest shall abstain from voting on the item of his interest when making the decision thereon.
- I. In all cases, persons in cases of conflict of interest shall inform the Company of such cases and disclose them in accordance with the regulations established by the competent authority and the disclosure policy mentioned in this Manual.
- J. Taking into consideration article 72 of the Companies' Law and article 46 of the Corporate Governance Regulations, if a member of the Board of Directors wishes to participate in a business that would compete with the Company or in any of its activities, otherwise, the Company shall have the right to claim damages from it or to consider the operations executed for his own account as being made for the Company's account, unless the following is taken into account:
1. To inform the Board of Directors of the competitive work that he wishes to exercise and to document this in the minutes of the Board of Directors meeting.
  2. Non-participation of the member of the interest in voting on the decision issued in this regard in the Board of Directors and the shareholders' General assembly.
  3. The Chairman of the Board shall inform the General Assembly at the time of its convening of the competing activities of the Member.

4. Obtaining a prior permission from the General Assembly of the Company allowing the member to practice the competing business, provided that the permission is renewed annually.
- K. If the General Assembly refuses to renew the authorization granted pursuant to Articles 71 and 72 of the Companies' Law and Article 46 of the Corporate Governance Regulations, the Member shall submit his resignation within a period to be determined by the General Assembly or his membership shall be considered void unless he decides to renounce the contract, deal, compete or adjust his conditions in accordance with the Companies' Law and its Implementing Regulations before the deadline set by the General Assembly.
- L. The concept of participation in any business that competes with the Company or any of its activities includes, but is not limited to, the following:
1. Establishment of a member of the Board of a company or establishment, or holding an effective share in another company or establishment that is engaged in an activity of the type of activity of the company or its group.
  2. Accepting the membership of the board of directors of a competing company or establishment of the company or its group or managing a company or establishment competing the Company whatever the legal form of it is.
  3. Obtaining a commercial agency or a similar authority either apparent or hidden from another company or establishment competing with the company or its group.
- M. In the event of any breach of this policy that the Board becomes aware of, it is entitled to deal with the interest as if it were in the interest of the company, to stop such transactions, to dismiss the employee or the worker, or any other action that the board of directors may consider suitable and beneficial for the interests of the company. Disclosure should be made to the shareholders of such breach and corrective actions taken by the Board of Directors according to the Company's disclosure policy and requirements set by the competent authority.

### Article 84: Opportunities available to the Company

- A. Board members, executives and employees are prohibited from:
1. Acquiring opportunities for themselves personally, which are discovered through the use of the Company's property or information or through their positions.
  2. Use the property or information of the company or their positions for personal gain and compete with the company.
  3. The prohibition applies to a member of the Board and the Executive Management and the employee who resigns in order to exploit the opportunities, assets, properties and information of the Company directly or indirectly that the Company wishes to benefit from and which he learned about during his membership in the Board, Executive Management, or his position.

### Article 85: Confidential Information

- A. Members of the Board of Directors, executives and employees shall maintain the confidentiality of the information deposited with them by the Company or its clients, except when authorized to disclose or legally assigned to do so. Confidential Information also includes all undisclosed information that may be useful to competitors or cause harm to the Company or its customers, if disclosed.
- B. Any person who works for the Company and has access to private internal information (information relating to a security, not publicly available, undisclosed, and materially affecting the price and value of the Company's security) shall not disclose it to third parties or trade based on it in The Saudi Stock Exchange, recommend to another to trade based on it, , to broadcast rumors about it or to manage an investment portfolio in which the shares of that security are part of it based on such information even for the benefit of others. This prohibition includes all who work for the benefit of the Company. All those who hold leadership positions and Board members must refrain from trading in set blackout periods.
- C. Any person who works for Saudi Airlines Catering Company and does not have any internal information, and does not occupy any of the leading positions or holds a membership of the Board of Directors, should take into consideration the provisions of the Capital Market Law and its implementing regulations or any other regulation in force that governs that security while trading in the Saudi Stock Exchange.

### Article 86: Fair Treatment

Board members, executives and employees should aim to deal fairly with company clients, suppliers, competitors and employees. But no one should be utilized of by covering up, manipulating and misusing confidential information, misrepresenting material facts, or engaging in any other form of unfair treatment.

#### Article 87: Protection and proper use of the company's assets

- A. The assets of Saudi Airlines Catering Company include financial, tangible and intangible assets including buildings, equipment, financial balances, data, technical information, software, patents and other intellectual property rights.
- B. Members of the Board of Directors, executives and employees are required to protect the Company's assets and to ensure efficient use of the Company's properties available for optimal use, in a suitable and responsible manner; to achieve the Company's objectives and conduct its business while preserving its rights and properties and protecting its assets from waste, loss, misuse, theft, embezzlement, and abuse.
- C. Maintain copyright and intellectual property, and resources provided such as the use of software, data, information systems, written materials, educational courses and training programs, and not to copy or distribute them without the written consent of the company.
- D. Anyone working for Saudi Airlines Catering Company should protect the company's confidential information. This information includes, but is not limited to: trade secrets, designs and engineering drawings, processes, ingenuity, innovation, product specifications, tools, calculations, graphs, equations, research, undeclared services and products, sales data, client lists, confidential product price information, confidential customer information, undisclosed financial information, important projects, including proposed acquisitions and waivers, confidential information entrusted to the Company by third parties for safekeeping.
- E. Those working for the Company must ensure that confidentiality agreements exist with third parties before sharing confidential information with those parties.
- F. A person who works for the Company should distinguish documents with disclaimers/notices of responsibility waivers regarding confidential information.
- G. Those who work for the Company shall take the necessary precautions to prevent the leakage of confidential or internal information, including vacating the employee's workspace when leaving the office, securing papers and other work materials in a safe place, and ensuring that the confidential or internal information is not displayed in a visible place where others can view it, take all necessary precautions to save electronic information, periodically change the password in accordance with the instructions of the company, and take appropriate precautions when sending and receiving information through computer, telephone, fax or any other media to protect the information from being view by people other than those authorized to do so.
- H. A person working for the company shall not trade confidential or internal information from inside or outside the company except as required by the work, and ensure applying the policies and procedures preventing the leakage of information and complying with, as well as separating duties and preventing their interference and preserve the confidentiality of information through regulating the mechanism of its circulation between people and departments as needed and as required by the interest of work, and the process of obtaining personal information and accessing it must be limited and organized.
- I. Those working for the Company should respect the principles of information privacy and data confidentiality and not to disclose, use, copy, transfer, or remove them except within the scope of his employment duties.
- J. The official working hours should not be used for external or private purposes, and all official working hours should be used to serve the company and achieve its interests.
- K. A person who works for the Company after the termination of the relationship with it through any means, shall be bound not to disclose in any way any confidential or internal information, use it for any purpose, or make any attempts to influence or inquire about it, even if it was under his official responsibility or other than that, or dealing with the media or speaking on behalf of the company, for a period of two years from the date of termination of the relationship with the company.
- L. Compliance with regulatory requirements of privacy, confidentiality, controls for the regulation of private data and personal information in the country in which such data and information is collected, processed and used must be understood, and review and comply with the Company's policies and guidelines in this regard.
- M. Not to transfer any of the Company's property, documents, or records outside the company's premises and work sites without the express consent of a person with authority.
- N. Take all necessary preventive procedures and precautions to ensure the safety of the company's electronic systems and protect them from damage, modification, penetration, illegal or immoral use, or to enable unauthorized persons to do so, and to consider the Company's policies and guidelines in this regard.
- O. Refrain from using any of the Company's assets for personal or non-work purposes, and not to use the company's name, logo, facilities or relations for any non-business benefit.
- P. The physical and intangible assets of others must also be respected. The Company does not tolerate any negligence in the preservation and protection of its property or information or violating its policies, and failure to comply with the protection of property, information or other relevant standards may result in disciplinary action that may result in dismissal.
- Q. All company assets must be used for legitimate business purposes.

- R. The Company prohibits the use of computers, telephone lines and equipment, Internet and e-mail systems in aggressive or repugnant ways, or in ways that harm the morale of employees, the transmission of materials or the exchange of messages that are inappropriate in content or contrary to public opinion and morality, either through any of the Company's devices or using the communication or spectrum service provided by it.
- S. The property of the company may not be used to invite others to participate in joint commercial projects, or to engage in religious or political issues or any matters that are not related to the business or serves its interests.

#### Article 88: Keeping records and reports

- A. Board members, executives and employees must accurately record company transactions in its books, accounts, records and reports. An appropriate system of internal controls and disclosure controls should be maintained to enhance compliance with the company's laws and regulations.
- B. It is prohibited to falsify any of the records of the company. All reports, documents or correspondence that are authorized or formally assigned to be disclosed to the public should be full, clear and accurate, provided that they are available in a timely manner and that the information contained therein can be comprehended.
- C. Records and documents shall be kept in accordance with their nature and in accordance with the period specified in the regulations established by the competent authority.
- D. Company records and information are evidence of a business activity, and evidence that is required for regulatory and judicial, tax, accounting or as a significant evidence of a business activity or corporate memory. It is the contents of the records that determine what it is and not the form that determines it. Records include, for example: contracts, audit reports, financial information, product specifications, company policies and procedures, database, meeting minutes and decisions.
- E. The records of information and data are among the most valuable assets of the company and must be properly managed in accordance with the standards and guidelines of the company's records management instructions, in such a dependable way that the company can quickly retrieve information from the records and dispose of appropriately when the preservation period lapses. The records should not be discarded or changed illegally, and the company must set storage procedures for confidential or company-owned information in protected files or secure storage units that are backed up.
- F. Ensuring that all company records reflect accurately and with integrity all transactions, strictly refrain from falsifying in any document, and record all financial transactions in the account, management, and the correct accounting period. And ensure that all public communications, including reports sent to government agencies, are complete, honest, accurate, timely and understandable.
- G. Not to be relaxed in correcting wrong doings, to immediately disclose whether the employee is unsure of the accuracy of the information contained in one of the company's records, and to report any doubts about the accuracy of the company's records to the company's officials or any other appropriate channel for reporting the violations

#### Article 89: Compliance with laws, rules and regulations

- A. The Company complies with all applicable regulations and those applicable to its business and commercial activities, whether local or international. The company is constantly making sure to apply these regulations in all transactions and avoid what would damage its projects, or expose them to regulatory violation, or criminal prosecution. The company encourages fair commercial establishments that recognize and abide by professional ethical standards and are compliant with regulations and legislations in a manner that contributes to and assists in the application of the company's values in all transactions. In many countries there are laws that regulate international trade for reasons of national security or other reasons (such as imports, exports, free trade agreements and financial transactions). Therefore, the company is complying with international trade regulations such as fair competition protection regulations and international trade laws.
- B. Board members, executives and employees must comply with the laws and regulations applied by the Company.

- C. The Company and all its employees shall ensure compliance with all applicable laws and regulations in the Kingdom. In case of breach of this obligation, the violator or any person that knew of the violation thereof shall inform the company in accordance with the regulations established by the competent authority and the reporting policy of the company.
- D. In order to comply with laws, rules and regulations, the Company, the Board, the Executive Management and the employees of the Company shall:
1. Seek advice from the company's legal department about the business it conducts and does not know the extent of its compliance with the laws and regulations
  2. To work according to that legal consultation.
  3. Consult the company's specialized department about the company's internal policies and regulations such as human resources department with regard to employment policies, for example.
  4. Follow the reporting policies mentioned in this Manual when spotting a violation of the laws and regulations.

#### Article 90: Internal Trading

The Directors and Executive officers of the Company and their related parties may not deal in any securities of the Company during the following periods:

- A. During the 15 calendar days preceding the end of the financial quarter and until the date of the disclosure of the reviewed interim financial statements of the Company.
- B. During the 30 calendar days preceding the end of the financial year and until the date of the reviewed preliminary annual financial statements disclosure or until the disclosure of the Company's audited annual financial statements.

#### Article 91: Gifts and Donations

- A. Gifts given by a person dealing with the Company to a person who works for it, his family, or others, at his request, may create an actual or potential conflict of interest. The company prohibits anyone who works in its favor to accept any gift (precious or cheap, material or moral), which is an actual conflict, and a breach of the trust when it is offered to perform or to refrain from work assigned or alleged, or exceeding the permissible value. In cases other than those, the market value of the gift shall not exceed the amount of one thousand Saudi Riyals (SR 1,000), provided that it shall not be repetitive or regular.
- B. The Company prohibits anyone who works for it from accepting any privileges (such as free hotel stays, discounts on products or services to the person or his family or to those who he requests it for) provided to him in particular and not available to others, and for the relationship of those working for the company and with it, or the invitation owner did not participate in it, except offers made through the company to its employees, or to the public.
- C. Hospitality and entertainment provided by a person dealing with the company to those who work for it, their family, or others, at their request, is likely to create an actual or potential conflict of interest. Hospitality is an actual conflict if it is frequent, regular, extraordinary, or extravagant. Entertainment is an actual conflict if it is unusual, or independent of the company's official relationship, and the invitation owner did not participate in it.
- D. The company maintains good working relations with business partners and seeks to develop and flourish them. Acceptance and providing of compliments is an expression of good intentions, taking into account that these compliments do not bring obligations to the company or embarrassment to its employees, and who works for the company should be wise in rejecting courtesies which may not be provided in good faith or that involve any regulatory risk, and if the employee is not sure of its correctness, he should seek advice from the Compliance and Governance Department.
- E. If the circumstances require inviting business partners to Saudi Airlines Catering Company or vice versa to attend a business occasion, visit a factory, learn about the installation system of some equipment, etc., each party will be obligated to shoulder its travel expenses. The Company applies its human resources policies in bearing the travel expenses of its employees, unless there is an agreement in this regard under

the terms of the contract, such as training on the use of a particular product. Travel expenses will then be part of the agreement. If the circumstances necessitate for the Company to incur the expenses of one of the business partners, the Company shall set guidelines to incur travel expenses that will discharge doubt and compliant with professional ethics and conflict of interest policy.

- F. The company must be cautious when receiving any money from business partners in the form of charitable donations, and it should be prudent to accept donations or occasion sponsorship, which must be submitted under the Company's name without naming it to any employees of the company, and not during the tender period. The company's Compliance and Governance shall do the necessary auditing on it and its acceptance. Voluntary contributions are allowed for political or social purposes only within the limits of local regulations and in full transparency.

#### Article 92: Related Parties

- A. The related parties are the natural and legal persons and others included in the definition of the term in the list of definitions in this Manual and in the Corporate Governance Regulations issued by the Capital Market Authority.
- B. Each of the members of the Board of Directors or any related person should inform the Board of Directors of all the interests related to him and the Company and the nature of the work.
- C. The Board of Directors shall take the necessary actions in respect of transactions and contracts with related parties, including obtaining a prior authorization from the General Assembly that is annually renewed and disclosing to the shareholders and informing the Authority of such contracts in accordance with the regulations established by the competent authority and this Manual.
- D. The Board may, in the event of any breach by any of the related parties to comply with the provisions of this policy, cancel the dealing with this party, dismiss the member of the board of directors and dismiss the company employee. The Board may decide to correct the status of such transactions by taking the necessary measures.

### Chapter 3: Stakeholders

#### Article 93: Environment and Place of Work

- A. The Company treatment of its employees
  1. Company's Employment Treatment:

The company, based on its values, provides a healthy working environment that is compatible with the nature of the work required to perform. In order to achieve this objective, the company is committed to:

- Rights performance:
 

The Company undertakes to perform employment and contractual rights towards others in accordance with the contracts concluded and the dictates of the labor laws and regulations, including fair compensation, ensuring the application of the statutory minimum wage, complying with the maximum limit of working hour in accordance with the applicable laws, providing medical care, and other agreed benefits set forth in the Company's regulations and policies. The Company shall ensure that the employee's opportunities and rights are not prejudiced, and that he shall be prevent elements obstructing the performance of his work and duties and it will not intervene or make him perform his duties in an illegal manner.
- Equality:
 

The company provides job opportunities based on objective criteria based on academic qualifications, job experience and competencies in accordance with the nature of the job, in accordance with the applicable regulations, and taking into account the diversity of the company's workforce. In relation to employees, the Company will ensure that they are not discriminated against by race, color, sex, religion, nationality, region, age, social status or physical disability in violation of agreements signed with employees. The company is also keen to establish objective criteria for recruitment, promotion, career bonus, performance bonus, development opportunities and job training. The employees of the company shall enjoy without distinction

the same rights and privileges in accordance with the company's regulations and policies.

- **Respect:**

Everyone who works for the company deserves the necessary respect and decent treatment, regardless of his job grade. The company calls on its employees to act with a high level of awareness, as practices and actions that may be accepted in some cultures are not necessarily acceptable to all. Any act or omission that would offend or diminish the status of any of the employees of the company, or expose their dignity or reputation to derogation or their harassment, is prohibited. This includes, but is not limited to: spreading lies, malicious rumors, gossip, slander, libel, sexual harassment, ridicule, violation of freedom and personal information, revenge vices, ridicule, , mockery, comment on others behaviorally, physically, or in an associational manner, or engage in any act that leads to coercive, arbitrary, threatening, exploitative, abusive, intimidating or hostile behavior.

- **Privacy:**

The Company respects the privacy of every person who works for it, and considers their actions outside the framework of work are of no concern to it unless such actions affect the interests of the Company, impairs their performance of their work, or threaten the reputation of the Company.

The Company seeks to obtain personal information for those who work for it through legitimate means, and uses it to comply with all statutory requirements, and allows third parties to access them only with the knowledge of the person concerned or as dictated by the nature of the work or the official authorities.

- **Human rights:**

The company respects and honors all people who choose to work for its benefit. Where the staff members work of their own will, because the Company does not force anyone into forced labor. The company does not employ children or juveniles who have not yet completed their eighteenth year. The company also supports all human rights established in accordance with the provisions of the Islamic Sharia in the Universal Declaration of Human Rights. The company relies on its respect for human rights in the full compliance with all local laws and regulations and all agreements ratified by the Kingdom of Saudi Arabia.

## B. Employment obligations

The person who works for the company is obliged to carry out the duties assigned to him, to fulfill his obligations in a highly professional manner, to be of the highest ethical standards both inside and outside the work, and to behave in a manner consistent with the code of conduct:

- **Review and comply with all company policies and procedures:**

The Employee should review all Company policies and procedures related to the performance of his duties, understand and act upon its obligations, and disclose such information and clarifications as required by such policies.

These include, but are not limited to: internal work regulations, codes of conduct, conflict of interest policy, environmental, health and safety policies, and human resource policies.

- **Employment duties performance:**

To perform duties accurately, reliably and promptly within a reasonable period of time, in accordance with best practices and with good faith and objectivity, and to keep the best interests of the company above all considerations and to act in all cases in a fair, credible and equal manner regardless of the personal qualities of any person, and to devote time and effort to the performance of the work, and to be careful not to waste others' time, and not to exploit his position, duties, or relationships established during his work, or status or powers, to obtain interest or benefits or gains to him or his family from any party, or to harm others.

- **Performing employment duties personally:**

An employee may not delegate the task of performing his duties to another person, unless expressly authorized by the company's policies or authorization from his direct manager or in the case of force majeure. The obligation of the employee to perform his duties is considered a personal obligation based on the principle of responsibility and individual competence, with acting and understanding that all employees are partners in the responsibility of supporting the Company's internal control objectives in financial and administrative matters and fully committing to these objectives.

- **Performing employment duties professionally:**

The employee must maintain the overall professional appearance and wear his clothes in a decent and appropriate manner, in order to maintain the reputation and appearance of the body in which he works, in accordance with the rules of the establishment in which he works and the required clothing and in accordance with the requirements of the job, and customs and traditions of the country.

The employee must come to his place of work at the beginning of the specified working hours and be present at his place of work during official working hours; to carry out his duties diligently to achieve excellence in individual and team performance.

The employee must commit to help his subordinates, colleagues and other employees to develop their knowledge, skills and competencies, encourage them to increase information exchange, transfer knowledge among themselves, and keep his line manager always informed accurately on all topics and issues related to the nature of his work to ensure the continuation of work.

The employee should deal with his colleagues and share his opinions with them professionally and objectively, and help them where possible; to solve the problems they face in the field of work, and to promote positive attitudes among colleagues to help improve work performance, enhance work environment, and establish a healthy corporate culture in the workplace.

- **Adherence to administrative directives:**

The employee must abide by the orders of his superiors, their directives and instructions, according to the administrative hierarchy, and not to exceed the line manager. The employee must respect his superiors and colleagues at work, and act with courtesy, wisdom, objectivity, and impartiality, during their treatment, in accordance with the requirements of social customs and professional norms.

The employee must refrain from deploring the reputation of his superiors and colleagues personally or professionally by issuing written or oral observations about them without providing evidence or acting in a manner that makes others doubt the expertise and skill of their superiors and colleagues.

The employee must cooperate with the employees of the company and encourage team work and team spirit to achieve the goals and mission of the company.

The employee shall not abuse his rights, in accordance with the law and company policies.

The employee shall at all times respect the rights of his superiors and colleagues in an atmosphere free from discrimination, bothering, harassment, violence, defamation and obscene language.

## C. Supervision and management obligations

In addition to the employment obligations mentioned in paragraph (b) of this Article, whoever assumes a managerial position in the company shall adhere to his managerial duties and be responsible for supervising people and work in accordance with his mandate and in a professional manner; and should be committed with the following:

- **Role Model Leadership:**

Role model leadership by personally adhering to corporate values, rules and policies, responsibly following regulatory requirements and procedures, being an example of commitment to ethical standards, and a model of committing to environmental, health and safety practices.

- **Create a healthy working environment:**

Creating a healthy work environment by encouraging entrepreneurship and innovation, providing opportunities for employees to participate in proposals for improving services, developing work in an atmosphere of mutual trust and understanding, and encouraging employees to communicate and open contacts for meaningful discussion; to solve issues of work in the performance of the duties of their job, and work to find appropriate solutions to them. Encourage communication with employees, listen to their grievances and deal with their concerns, activate and enforce the principle of accountability fairly and professionally, and undertake corrective actions for shortcomings.

- **Supporting a culture of compliance:**

To support the culture of compliance by ensuring that all staff members who he supervises understand the requirements and procedures of the work in accordance with the company's policies, rules of professional conduct and ethics, and encourage them to view and act accordingly and supervise and ensure their compliance with them. Reporting of wrongful, immoral behavior and illegal behavior.

## D. Environmental, Health and Safety (EHS) practices

Environment, Health, and Safety Policy of the Company

1. The company carries out its business in a safe environment, without causing any accidents that may result in loss of life, bodily injury, health and environmental damage, damage to property, or disruption of operation and production.
2. The company constantly works on the application of the highest standards in environmental protection and health and safety in all stages of its work in design, construction, operation, maintenance and even during the stages of cessation of operation and production.

3. Accordingly, the Company shall comply with the following:

- Establish an environmental, health and safety management system to identify and review objectives.
  - Periodic assessment of environmental, health, and safety risks at all facilities of the company and then correcting them and conduct a periodic review.
  - Informing contractors, suppliers, employees, and anyone with an interest in the company of that policy.
  - Train staff, provide them with the resources, tools and expertise necessary to maintain their functional competence.
  - Adherence to regulatory requirements, internal standards and any other controls approved by the Company.
  - Ensure the safe operation of the company's facilities.
  - Report any injury or accident occurring in the company.
  - Raise awareness of EHS culture and concepts outside the company boundaries.
  - Preserve resources and reduce its waste.
  - Continuous improvement to ensure the effectiveness of the EHS Management System.
4. The commitment to protect the environment, health and safety is a shared responsibility in the company to achieve the desired objectives. Therefore, the company obligates those who work for its benefit to strictly and accurately adhere to the necessary practices to achieve safety and not to harm the environment through:
5. Ensure proper understanding of environmental protection and occupational health and safety requirements before starting work:
- The rules of the company require the employee's familiarity with the rules of occupational safety and necessary study of the environment and health requirements of his field of work, in order to ensure the safe operation and work. Work is prohibited without the use of personal protective equipment (such as safety shoes, protective glasses, workplace clothing, gloves, surveillance and protection equipment), operation of equipment or vehicles without following the specified operating safety procedures or operating in conditions that do not meet the requirements occupational safety is also prohibited.
6. Create a sound working environment, in accordance with the statutory requirements for environmental protection, health and safety:
7. Provide adequate security measures and procedures to prevent suspicious activities, which may involve security risks and threats targeting employees or work facilities or any person in the business premises, or those that target information security, assets or technical rights.
8. Handling and storage of hazardous materials and toxic wastes and their disposal in accordance with the applicable regulations and in accordance with the policies and procedures set by the company.
9. Avoid bringing any weapon of any kind inside the company's premises, regardless of the person's license to carry it, except in accordance with the company's policies. The company also prohibits the introduction of any prohibited materials into the workplace, and the company reserves the right to conduct drug and alcohol tests on its employees and contractor employees, as required by the laws.
10. The company provides rapid emergency response requirements in emergency situations that threaten the environment, safety and security, or in cases of potential exposure to epidemics and serious infectious diseases - God forbid.
11. Monitor and address all EHS complaints accurately and communicate effectively with competent authorities.
12. The Company shall receive communications and complaints relating to the environment, health, safety and security received from employees, customers or neighbors with an effective response to resolve such complaints or concerns regarding potential safety problems of products.
13. Notify the competent authorities and cooperate with them in the event of an accident that threatens health, safety, security, surrounding environment or persons at all facilities of the company.
14. The Company shall be strict in complying with environmental, health and safety standards, and shall not accept any complacency in complying with them or to refrain from reporting them. Failure to report this shall be considered as participation in the violation due to that commitment being a responsibility of any person working for the Company.
15. Board members, executives and employees must strive to preserve the environment for future generations by imposing a balance between economic growth and continuously improving environmental performance as well as social responsibility.

#### Article 94: Dealing with a third party

A. The company's commercial transactions with other parties such as contractors, distributors, suppliers, agents, clients, merchants, manufacturers and subcontractors, referred to as «business partners», must be based on a sound regulatory basis and a conscious ethical approach that establishes the values of the company, fairness, and equity.

B. To achieve this, the company has established basic rules governing the framework of dealing with business partners, as follows:

##### 1. Know Your Customer Policy

- Existing and potential business partners, who are registered with the company, or who aspire to work with it, are committed to meeting the highest ethical standards and comply with all applicable regulations for the success of our joint work. As the company does not do business except with those who adhere to ethical standards and regulations.
- Business partners should sign the Code of Conduct for the parties dealing with the company, and be fully complying with, and communicate with the company with the related violations. In the event that the party dealing with the Company fails to comply with these rules, he shall bear the effects of such violation alone, including any penalty imposed by the regulatory authorities, and compensate the company for the damage suffered.
- Before engaging in any business, the company shall conduct the necessary due diligence to know business partners and verify compliance with ethical standards, regulatory compliance with applicable regulations, application of fair business practices, integrity of ethical sources of goods and services, and ensuring that there is no conflict in the interests, the availability of requirements of health, safety, environmental protection standards, and other statutory employment requirements such as Saudization, non-employment of minors, or violators at work sites.

##### 2. Supervision and compliance

- Business partners are responsible for complying with ethical standards and regulatory requirements, monitoring their business activities, and conducting internal audits, inspections and reviews periodically to ensure their compliance.
- Business partners are responsible for ensuring that their employees working in the company's projects, business or agreements are informed of and accurately understand the standards and requirements of the Code of Professional Conduct and Ethics, and that the business partners are responsible for the conduct and practice of their employees.
- The success of applying the code of professional conduct and ethics is a shared responsibility of the company and business partners, so they must promptly and confidentially disclose to the company any current or future violations or concerns, or actual or potential risks to the application of these rules or regulatory requirements.
- The Company conducts audits and reviews when performing business with business partners, to ensure that regulatory requirements and ethical standards continue to be met. The Company undertakes appropriate procedures to detect any illegal practices and expects business partners to cooperate with the Company's investigations and to provide reasonable assistance as required. Business partners shall inform the Company of plans to correct any current or potential violations.

##### 3. Relationships and Communications

- Business partners must conduct all their relationships and contacts with company officials through formal relations in a fair and decent manner in accordance with the highest ethical standards, and avoid even the appearance of unethical or non-compliant practices in relationships, procedures and communications in relation to existing business relationships or proposed.
- No employee of the company should in any way provide anything to business partners in order to obtain benefits unlawfully when marketing our products or when providing services or executing business transactions and doing business for the benefit of the company.
- Business partners shall not encourage or benefit from any current or former employee of the Company in any manner that makes him disclose or provide any confidential or proprietary information or other prohibited information obtained in the course of their work for the purpose of influencing commercial transactions current or proposed with the company for a commercial advantage.

#### 4. Money laundering

- Money laundering means to commit or attempt to commit an act that is intended to conceal or disguise the origin of money acquired in violation of the religion or law and make it appear of legitimate source to legitimize the money derived from criminal or illegal activities.
- The Company protects its business and transactions with other parties with diligence and precaution through setting policies and procedures that promote the principle of «Know Your Customer», which is key to ensuring effective management of the risks that the Company may face from dealing with others. On an ongoing basis, the Company confirms the identity of those dealing with it based on official documents, at the beginning of dealing with these customers or when conducting any contract directly or indirectly, and also keeps documents, records and information related to dealing with others in accordance with the policy of keeping documents in the company.
- When there are sufficient indications and evidence to conduct a complex, massive or unnatural transaction or process that raises doubts and suspicions about its form and purpose or is related to money laundering, terrorist financing, terrorist acts or terrorist organizations, the Company should inform the Financial Investigation Unit of the Ministry of the Interior.

#### 5. Controls of payment of financial dues

- The company's policy sets out the rules for payment of financial dues and specific criteria for estimating the value of commissions to be paid accurately and transparently in a manner consistent with the relevant regulations such as zakat, taxes, etc., and taking into consideration that the payments are legally paid location and time wise by cheque or a bank transfer and not in cash, and that after reviewing the terms and conditions of the payment and the fulfillment of the terms of the contract, and the relevant documents, while retaining the right of the company to make discounts related to penal conditions.
- If customers or distributors request the transfer of their regular commissions or service charges to other persons or bank accounts in other countries, the Company shall allow such transfers after the following conditions have been met: (1. the amount paid are not a result of an unrealistic addition on regular amounts (2. the payment is certified in writing by Saudi Airlines Catering Company and the person who owns the commission or fees; (3. the payment is made to the same entity that owns the money or to a wholly owned subsidiary , (4. the payment of such amounts does not result in the violation of articles of any regulations, or conditions of a contract.

#### 6. Make payments to facilitate business

- Saudi Catering Company prohibits the payment of any amounts to «facilitate» matters, either requested by the service provider or not, and prohibits the company from paying any amount to «stimulate» business partners or state employees to expedite their access to services or permits.
- If one of them requests payment of these amounts, or if it is actually paid under pressure, whoever works for the company must record the incident, the amount paid, and notify the compliance department to study the incident and communicate with the concerned parties.

#### 7. Relationship with suppliers and creditors

- The company builds its relationship with its suppliers on the basis of integrity, honesty and quality. Therefore, the company has internal policies to approve dealing with suppliers and service providers based on their competencies and the quality of their products. The procedures for dealing with suppliers are based on the company's Procurement Department policies.
- The company is keen to meet all its obligations (if any) through the company's Finance Department. In the event of any disputes, they shall be settled by means of contracts concluded or the competent authorities in the Kingdom of Saudi Arabia.

### Article 95: Dealing with government and local communities

#### 1. The company's responsibility to communicate with others

The company's communication and relationships reflect the company's strategy, identity and values represented by the language of the company's speech. Therefore, whoever works for the company must exercise caution and ensure the accuracy of the information authorized by the company to declare and all communications and relations are done appropriately in accordance with established procedures and policies, by following the regulating standards and guidelines. Improper, incorrect or negligent communication can pose serious risks to the company's reputation and compliance with rules and standards and may expose it to regulatory liability.

#### 2. Dealing with government agencies

Those who work for the company when dealing with government officials must have the highest standards of conduct and wisdom in accordance with the Code of Professional Conduct and Ethics, abide by all applicable laws and regulations and be aware of the applicable regulations before commencing any business negotiations with any government agency or official, including regulations for the publication and disclosure of confidential documents and information, the purchase and sale of products and services from the State, anti-bribery regulations, rules and instructions for the employment or recruitment of any current or former government official or obtain his services .

#### 3. Representing the company

The representation of the company in front of others is limited to persons and departments authorized to do so through coordination with the competent authorities of communication within the company.

Those who work for the company when exercising personal business outside the scope of work (such as board membership, professional practice, participation in seminars, public and communication forums, participation in social and charitable activities, participation in local and international organizations and bodies) should express their personal views, without the use of the company's official papers and publications or its e-mail or refer to the address of work or job title. And not to take advantage of the company's benefits and tools such as job position, information, buildings, equipment and so on.

#### 4. Social responsibility of the company

The company's commitment to corporate social responsibility lies in the following 10 principles:

- Conduct and maintain our business ethically and with sound governance systems.
- We support fundamental human rights, respect cultures, customs and values in our interactions with employees and others who are affected by our activities.
- Implement risk management strategies based on correct data and solid knowledge.
- In our operational performance we strive for continuous improvement that maintains health and safety.
- We seek continuous improvement in our environmental performance.
- Contribute to the conservation of biodiversity and the integrated approach to land use planning.
- We facilitate and encourage responsible behavior in the design, use, reuse, and recycling of our products and disposal of waste it produces.
- We contribute to the social, economic and institutional development of the communities in which we work.
- Implement effective and transparent arrangements to work with and communicate with our partners and prepare independently verifiable reports.

#### 5. The pillars of the company's social responsibility

Saudi Catering Company's commitment to social responsibility is based on a four pillars approach: ethics, the environment, commitment to the communities surrounding our business, commitment to our employees.

#### 6. Social performance of the company

The company executes its business in a manner that avoids any adverse impact on the communities surrounding its business and contributes whenever possible to development opportunities in line with the best international standards, as dictated by the company's social performance policy.

The company is constantly working to implement the highest standards of social performance in all stages of its work including design, construction, operation and maintenance and even during the stages of cessation of operation and production. Accordingly, the Company is committed to:

- Stakeholder involvement internally and externally in a fair, transparent and inclusive manner.
- Contribute to the community and economic development of the surrounding communities and support local initiatives in line with the company's criteria for social investment and sustainable development strategy.
- Commitment to the implementation of this policy and the administrative system of social performance and provide the necessary resources.
- Share social performance reports with stakeholders both internally and externally.
- Continuous development to ensure the efficiency of the administrative system of social performance.

## Section #4 Disclosures

### Article 96 : Purpose

- A. The Company shall comply with the laws, rules and regulations applicable to disclosures. All reports, documents or communications authorized or legally mandated for disclosure to the public shall be full, clear, accurate, timely and understandable.
- B. To ensure fair disclosure to all stakeholders at the same time, the Company shall refrain from disclosing any information specifically designated to financial analysts, financial institutions or other parties before disclosing the exchange of information publicly.
- C. The Company shall carry out the following disclosure or notification requirements.

### Article 97: Disclosure Regarding Material Developments

- A. The Company shall notify the Capital Market Authority, relevant authorities, and the public without delay of any material developments in its sphere of activity which are not public knowledge and which may have an effect on the Company's assets and liabilities or financial position or on the general course of its business and which may:
1. Lead to movements in the price of the listed securities.
  2. Lead to significantly affect its ability to meet its commitments related to debt instruments.
- B. The material developments referred above which the Company shall disclose include, but are not limited to, the following:
1. any transaction to purchase, sell, lease or mortgage an asset at a price equal to or greater than 10% of the net assets of the company according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
  2. any debt outside the company's ordinary course of business, of a value equal to or greater than 10% of the issuer's net assets; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
  3. any losses equal to or greater than 10% of the company's net assets; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
  4. any significant change in the company's production environment or activity including (but not limited to) the availability of resources and the possibility of obtaining them;
  5. Any changes in the composition of the Directors or CEO of the Company.
  6. any dispute including any litigation, arbitration, or mediation where the value involved is equal to or greater than 5% of the net assets of the company according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
  7. the increase or decrease in the net assets of the company equal to or greater than 10% according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
  8. the increase or decrease in the gross profit of the company equal to or greater than 10% according to the latest audited financial statements;
  9. the entering into, or the unexpected termination of, any contract with revenues equal to or greater than 5% of the gross revenues of the company according to the latest audited annual financial statements;
  10. any transaction between the company and a related party or any arrangement through which the company and a related party invest in any project or asset or provide financing therefore if this transaction or arrangement is equal to or greater than 1% of the gross revenues of the issuer according to the latest audited annual financial statements;
  11. any interruption in the principal activities of the company or its subsidiaries equal to or greater than 5% of the gross revenues according to the latest audited annual financial statements;
- C. The above disclosures must be made on time in accordance with the relevant laws and regulations.

### Article 98: Disclosure Regarding Financial Information

- A. The interim and annual financial statements shall be approved by the Board of Directors and signed by an authorized member of the Board and by the CEO and the CFO prior to their disclosure.
- B. The interim and annual financial statements shall be submitted to the Capital Market Authority immediately upon approval by the Board of Directors.

- C. The Company shall announce to the shareholders its interim financial statements in Tadawul (which must be prepared and reviewed in accordance with the accounting standards issued by SOCPA) as soon as they have been approved by the Board and within a period not exceeding 30 days after the end of the financial period to which they relate, and they may not be published to shareholders before their disclosure in Tadawul.
- D. The Company shall announce to the shareholders its annual financial statements in Tadawul (which must be prepared and reviewed in accordance with set accounting standards) as soon as they have been approved by the Board and within a period not exceeding 3 months after the end of the annual financial period to which they relate, and they may not be published to shareholders before their disclosure in Tadawul.
- E. The Company must provide the Capital Market Authority, Ministry of Commerce and Investment, and shareholders the annual financial statements not less than 15 calendar days before the date of the Company's annual shareholder's General Assembly.
- F. The announcement and interim and annual financial statements should be announced in the Company's website after announcing them in Tadawul's website taking into consideration the relative laws.
- G. The Company must publish its interim and annual financial statements on Tadawul's website using the Flexible Business Reporting Language (XBRL).

### Article 99: Report of the Board of Directors

- A. The Company shall attach to its annual financial statements a report issued by the Board of Directors that includes a presentation of its operations during the last financial year and all the factors affecting the company's business that the investor needs to be able to evaluate the company's assets, liabilities and financial position. The report of the Board of Directors shall include the requirements mentioned in Article (43. of the Listing Rules and Article (90) of the Corporate Governance Regulations.
- B. The Company shall provide the Capital Market Authority and the shareholders with the Board of Directors' report within a period not exceeding seventy five (75. calendar days from the end of the annual financial period.

### Article 100: Disclosure Regarding Corporate Governance

- A. The Company shall disclose information required by the Corporate Governance Regulations issued by the Capital Market Authority
- B. The Company should disclose items that include, but not limited to:
1. The implemented provisions of the Corporate Governance Regulations as well as the provisions which have not been implemented, and the justifications for not implementing them.
  2. Names of any joint stock company in which the company Board of Directors member acts as a member of its Board of directors.
  3. Formation of the Board of Directors and classification of its members as follows: executive board member, non-executive board member, or independent board member.
  4. A brief description of the authorities and duties of the Board's main committees such as the Audit Committee, the Nomination and Remuneration Committee; indicating their names, names of their chairmen, names of their members, and the aggregate of their respective meetings.
  5. The remuneration policy, method of its determination, details of compensation and remuneration paid in the form of bonuses, profits, attendance allowances, expenses, shares, salaries, and other benefits to each of the following:
    - Chairman of the Board of Directors and members of the Board of Directors, as well as the amounts received by the members of the Board of Directors for any other work for the company, such as consultations, administrative and professional work and others.
    - Top five executives who received the highest remuneration and compensation from the company and include the CEO and CFO if they are not among the top five.
    - Committee members.
  6. For the purpose of this paragraph, "compensation and remuneration" means salaries, allowances, profits and any other similar payables; annual and periodic bonuses related to performance; long or short-term incentive schemes; and any other rights or in-kind benefits.



7. Any punishment or penalty or preventive restriction imposed on the company by the Authority or any other supervisory or regulatory or judiciary body.
8. Results of the annual audit of the effectiveness of the internal control procedures of the company.

#### Article 101: Disclosure Regarding Shares

The Company shall notify the Capital Market Authority and the public without delay of the following information:

1. Any proposed changes in the company's capital.
2. Any decision to declare or recommend, pay dividends or make any other distributions to shareholders.
3. Any decision to not declare, recommend or pay dividends that was expected to be announced, recommended or paid in the normal course of events.
4. Any decisions to call, repurchase, withdraw, redeem or offer to purchase any of its securities and the total amount, number and value of such securities.
5. Any decision concerning non-payment on debt instruments or convertible debt instruments.
6. Any change in the rights associated with any class of listed shares or debt instruments convertible to such shares.

#### Article 102: Miscellaneous

A. The Company shall notify the Capital Market Authority and the public promptly of:

1. Any change in the Company's bylaws or the location of its headquarters.
2. Any change in its external auditors.
3. The request of any winding-up petition, the issuance of any winding-up order or the appointment of a liquidator in respect of the Company, or its subsidiaries under the Companies' Law, or the commencement of any proceedings under the Bankruptcy Laws.
4. The passing of a resolution by the Company, or any subsidiary that it will be dissolved or liquidated, or the occurrence of an event or termination of a period of time which would require the Company to be put into liquidation or dissolution.
5. The issuance of any judgment, order or decision, or declaration by a court or tribunal of competent jurisdiction, whether at first instance or on appeal, which may adversely affect the Company's utilization of any portion of its assets which in aggregate value is equal to or more than 5% of net assets' value of the Company according to the last interim reviewed financial statements or annual audited financial statements, whichever is newer.
6. Invitation of convening of the General Assembly and its agenda.

#### Article 103: Submission of documents to the Capital Market Authority

The company shall immediately send copies of circulars sent to shareholders and all documents relating to the company's takeover, mergers, offers, announcements of meetings, reports, announcements or other similar documents to the Capital Market Authority.

#### Article 104: Media declaration

The media declaration shall be limited to persons and departments authorized to do so in writing. A press release on behalf of the company is prohibited without the consent of the company, in accordance with the procedures and policies applied.

Any written or oral communication done on behalf of the company is considered a public disclosure, so anyone who works for the company is prohibited from dealing and communicating with the media to talk about the company or on its behalf without a permission or communication with investors without an authorization from the Company and outside the framework of the Investor Relations Department.

## Section #7 Code of Conduct and Ethics

### Chapter # 1 introduction

#### Article #105 Purpose

- A. This Code of Conduct and Ethics (the "Code") contains the policies that relate to the legal and ethical standards of conduct that the Directors, Executive officers and employees of the Company are expected to comply with while carrying out their duties and responsibilities on behalf of the Company.
- B. This Code is intended to highlight the group of ethical risks to guide the Board of Directors (the "Board") and Executive Management and provide a manual to employees to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.
- C. No code or policy can anticipate every situation that may arise. The Company expects each Director, Executive officer and employee to act with honesty and integrity to be able to reach an independent professional judgment and to deter wrongdoing in the conduct of all duties and responsibilities on behalf of the Company.

### Chapter # 2 Whistleblowing Policy

#### Article #106 Purpose

- A. Saudi Airlines Catering believes in its values and principles of integrity, teamwork, care, responsibility and ownership. The policy of reporting regulatory violations is to promote and protect those values, while protecting the whistleblower from the harm that may be caused to him, and to avoid affecting his personal interests.
- B. This policy aims to provide any information that will guide the management of the company to know its duties by reporting violations, misconducts, acts contrary to the law or immoral behavior or those that violate the company's policies, procedures and instructions.
- C. Board members, executives and employees must promote ethical conduct, and employees should be encouraged to talk to supervisors, managers or other employees if there is doubt about the best course of action in a given situation.

#### Article 107: Scope of Policy

- A. Without prejudice to the provisions of the laws and regulations in force in the Kingdom of Saudi Arabia, the bylaws of the Company, its policies, procedures and instructions, this policy shall be complementing them not replacing them.
- B. The scope of reporting in this policy includes all categories of wrongful conduct, misconduct, acts that are contrary to the law, immoral behavior or those that violate the company's policy, values, procedures and instructions issued by a person who works for the company or its representative, or the Company directly or indirectly bears responsibility of his actions whether individually or part of a group of employees current or previous, members of its Board of Directors, members of its committees, subsidiaries, contractors, suppliers, customers, partners, volunteers or other stakeholders. This includes actions that take place at the company's headquarters or outside of it, which relates to its reputation and affects the performance of its employees or expose it to criticism from others.
- C. The Company shall guarantee the contracts concluded with its external consultants, contractors, suppliers and other persons with commercial and other transactions with the Company, in accordance with the provisions of this Policy.
- D. The time range for reporting violations stated in this policy includes reporting any past, chronic, or likely future violations.

- E. The geographic scope of reporting includes any violation regardless of where it occurred as long as it is connected to the company as stated in paragraph (c) of this article and the company shall respect the provisions of the International Law governing the violation and the place where the damage or the infringing act occurred.

#### Article 108: Whistleblowing Cases

- A. The Company welcomes any report that would guide it to correct, act or detect violations, or enhance its value and protect it by reporting the following:
1. Financial and administrative corruption: Any violation of the financial rules and provisions governing the administrative and financial functioning of the company and results in material or moral benefit to the violator either directly or indirectly, including, but not limited to: theft, embezzlement, money laundering, manipulation of securities and manipulation through internal information, and conflict of interests and misuse of financial markets, bribery, exploitation of influence, fraud, cheating, manipulation of accounts and data, and obtaining material or moral benefits.
  2. Violation and breaching of applicable laws and regulations: Any violation of any law or regulation that is required to be followed in the geographical area which the company must follow when the obligation is the responsibility of the company and bear the responsibility of violating it, whether it is a statutory or professional obligation.
  3. Violation of company policies and procedures: means any breach or potential breach of any policy, manual or instructions approved by the company and effective.
  4. Violations of environmental, health, and safety procedures: These include behaviors that may harm the environment or threaten the security and safety of employees or property or pose a threat to the health, safety and security of any person.
  5. Inappropriate behavior or violation of public order and ethics: It includes behaviors that would defame the company's reputation or expose it to criticism or damage to it because of inappropriate behavior or violation of the law or violation of public order and ethics.
  6. Misuse of the Company's property and assets: through unauthorized or abusive use, or misuse or risking the safety of the Company's property and assets.

#### Article 109: Obligations

- A. Whistleblower Obligations: Each Whistleblower shall be committed to the following:
1. Ensure credibility of the report by avoiding rumors, fears and unfounded allegations.
  2. Objectivity of the report and deter from personal differences and treachery and vengeance and the harm others with good intentions or defamation of reputation or exploitation and use of reporting for personal gain or to undermine confidence in the company or its employees.
  3. Accuracy in the transmission of the report, clarity in the reporting language, avoidance of unclear symbols or signs, missing or fragmented information, and clarification of all relevant details of the report, which will guide to the status of the violation, its description, location and attach what shall give details and evidence of the violation as far as possible and in accordance with the nature of the violation. The Company shall not allow a penalty to be imposed on reports submitted in good faith.
  4. Report the violation immediately at the earliest available opportunity.
  5. Accept the terms and conditions for reporting the violation contained in this policy.
  6. Bearing and accepting result of any false, incorrect, or malicious allegations, or making a false or inaccurate report that leads to defame the company or its members without cause or caused any form of abuse or harassment; The Company shall be entitled to take disciplinary action against the Whistleblower if he is an employee of it, or to set a legal case against him in front of the judicial authorities to compensate for the damage caused thereto.
  7. Whistleblower shall strictly abide by confidentiality which will generally benefit the Company and allow it to practice its duties regarding the report, conduct the necessary research and investigations based on the set procedure. As well as preserving the Company's reputation from false allegations that are not based on sufficient evidence, based on rumors, doubts or personal fear or stress that is not based on facts, which may give the Company the right for a legal claim if they were not serious, malicious or inaccurate.

- B. Company Obligations: The Company is committed to:

1. Confidentiality: not to disclose the identity of the Whistleblower (whether disclosed to it or not) and to maintain his safety and not to be held accountable, except in cases where the company's regulations requires to disclose the identity of the Whistleblower for the investigation procedure by the investigation and judicial authorities according to the nature of the violation, the company shall maintain the non-spread of the subject or details to parties not involved in the subject.
2. Necessary Research and Investigation: To deal with any report of a violation with the necessary seriousness, regardless of the nature of the report, its language or the adequacy of its information. The Company will conduct the research then the investigation that will bring out the details of the report and to verify its reality, the adequacy of the evidence on it, whether it requires further research and investigation, the use of special expertise, or other parties or persons involved in the report.
3. Protection of the Whistleblower: the company shall take all measures that will protect the Whistleblower, and to not harm him, and bear any expenses or fees that will maintain the information reported or its whistleblower, such as travel expenses, meeting the whistleblower, telecommunications and correspondence fees.
4. Whistleblower Remunerations: The company shall pay a monetary reward to any person who has reported financial corruption or an offense that causes serious damage to the company's funds and assets, or if the information contained in the report proves a financial crime, provided that the whistleblower is not a partner, broker or participant directly or indirectly, in that crime or report, and also requires that his duties in the company shall not be required to detect such crimes or offenses.
5. Notifying the Whistleblower: Unless there is a statutory provision that binds the company otherwise, the company is not obliged to notify the Whistleblower of its report except to the extent required by the nature of the report. Taking into consideration article 7(a) of Article (109) of this Manual, the Whistleblower has the right to be dissatisfied with the company's reply, or if he is not convinced of the action taken by the company, he may seek the independent advice of his lawyer or from others. With its commitment to confidentiality.
6. Corrective Actions: Taking Corrective Actions for Violations If the investigations of the reported violation result in genuine reasons for corrective action without delay which would aggravate the violation, or make the company's right to take appropriate action in a timely manner pass.
7. Company's interest consideration: Taking into account the interest of the company is primary without taking attention to the interest of any shareholders, employees, customers or any stakeholders and to balance between the right of any employee or any of the Whistleblowers to express their concerns and fears freely, and the right to protect its employees and management against any false accusations or harmful to their reputation without justification.
8. Whistleblowing tools: The company shall provide the whistleblowing tools to report the violation in a manner that achieves the speed and ease of reporting. The company also shall publish the communication data in a visible location and via the company's website. The company also shall review all the reports regularly and periodically, in order to deal with the communication as soon as possible.
9. Report Preservation: The company shall save all calls, electronic and audio messages, and documents related to any violation, and should apply any applicable rules or procedures in regards to management, preservation and destruction of documents in the company.

#### Article 110: Whistleblowing mechanism

- A. The Compliance and Governance Department receives all reports of violations received through the means of communication related thereto, and receives such communications from the Company's management, officials and all stakeholders.
- B. The Compliance and Governance Department shall consider the report submitted within three (3) business days of receipt of the report.
- C. The Compliance and Governance Department handles the report and submits a comprehensive report to the Company's Chief Executive Officer explaining the Whistleblower details, the nature of the report, and details and information related to it, the report should contain one of the following recommendations:
1. to request the relevant department of the company to collect the data, and to investigate the violation; in accordance with the internal investigation procedure rules.

2. To request authorization to collect broader data on the report, in accordance with the internal investigation procedure rules.
  3. To request authorization to initiate the investigation, in accordance with the internal investigation procedure rules.
  4. To propose the appropriate action to be taken by the company against the violation, including informing the competent government authorities about the violation.
  5. To save the report if incorrect, or for lack of evidence to support it.
  6. Provide advice to the Whistleblower, or to whom the violation is attributed.
- D. Taking into consideration the provisions of the laws and regulations of crimes and offenses in the Kingdom of Saudi Arabia, and the company's policies, the company takes in consideration limitation periods.
- E. In the event that the report relates directly or indirectly to the Chief Executive Officer, the Vice-Chairman shall assume his functions. Also, if the report relates directly or indirectly to the Chairman of the Board, the Chairman of the Audit Committee shall assume his functions.
- F. The Compliance and Governance Department shall submit a monthly report on the reports it has received to the CEO of Company, and retains a copy of his direction to follow up the direction until its completion.
- G. The Compliance and Governance Department prepares a quarterly report on reports received during the reporting period, the actions taken by the Chief Executive Officer regarding it and its corrective actions, the follow-up of each report until its closure, and provides the Audit Committee with a copy of this report.
- H. The Internal Audit Department shall review all documents relevant to reports submitted to the Compliance and Governance Department to ensure that all reports submitted are covered.

#### Article 111: Violation of the Policy

- A. Without prejudice to the penalties stipulated in the applicable laws and regulations in the Kingdom, the company may impose a penalty on the violator in case he fails to comply with the provisions of this policy, and does not disclose of the violations he is aware of; the violator alone bears the consequences of not disclosing the violation including any penalty imposed by the official or regulatory authorities and to compensate the company for the damage caused by not detecting or guide the company to perform its duties towards it. The company also has the right, when it is proven that the employee has failed to disclose the violation, to impose disciplinary actions according to the company's business regulations.
- B. The signing of any disciplinary or statutory penalty against the violator of this policy does not affect the right of the company to compensate for the damage caused by the failure to inform it of the violation.

#### Article 112: Control and Compliance

##### A. Role of the Internal Audit Department:

The Internal Audit Department shall document and understand the Company's operations, identifies risks and controls and ensures whether controls are effective to address risks. The internal audit department also shall emphasize the extent to which the company's policies and controls are applied. This will determine the company's ability to assess the strengths and weaknesses of its critical operations and helps the company to assess internal controls and risk management practices.

##### B. Role of Risk Management:

The company's risk management department shall closely supervise and monitor to identify the risks of the company, the effectiveness of its strategy, the testing of the effectiveness of the risk management and the plans for dealing with it, and the measurement of the quality of the control systems that help in determining corrective measures for continuous development. Quality assurance, performance measurement and other continuous development tools will be used as a supervisory and monitoring process during normal operations, as they will be more effective than focusing on the detection of problems after they occur.

##### C. Role of Compliance and Governance Department:

The Company's Compliance and Corporate Governance function helps the executive management to continuously identify, evaluate, control, supervise and monitor the risks of compliance and governance. Compliance and Governance Department recommends adequate controls and corrective actions where weaknesses are found during their audit work to achieve effective compliance with regulations.

Compliance and Governance Department oversees monitoring of ethical conduct, reviewing related aspects, annually verifying conflicts of interest, investigating misconduct, recommending corrective actions

to management, and collaborating with company departments to promote and protect company values.

##### D. Commitment to Corporate Responsibility:

Compliance with the rules of professional conduct and ethics is a joint responsibility of everyone who acts for the benefit of the company, and it is not permissible to remain silent about reporting the violation relying on third parties or negligence in protecting the values of the company where people failing to report a violation is considered a violator and partner to the violator.

##### E. Personal compliance criterion:

Those who work for the Company must demonstrate a commitment to the Code of Professional Conduct and Ethics in all his decisions and actions on behalf of the Company.

##### F. If you have doubts about a conduct, ask yourself the following questions that may lead you to a right decision:

1. Can this situation affect any decision or action taken in favor of the company?
2. Can this situation negatively affect my colleagues' thinking of me?
3. Can this situation negatively impact the customers' experience (customers, shareholders, suppliers ...) with it?
4. What if a media agency reports on this situation?

If you have doubt, or uncertainty, in cases not mentioned, the person must contact the Compliance and Governance Department to provide the necessary advice.

#### Article 113: Corruption types

- A. The company shall be committed NAZAHA Strategy for the Protection of Integrity and Combating Corruption. The company shall fight all kinds of corruption arising from the conduct of improper behavior that is contrary to the laws and regulations or the company's policies and procedures. Corruption takes various forms that arise from the violation of the principle of equality of individuals in dealing in a way that leads to breach of the obligation of impartiality and objectivity, resulting in a conflict with the interests with the company in a clear and intended manner, and leads to interest whether material or moral. The most prominent features of corruption are:

1. Abuse of the company's funds and rights: It includes any assault or misuse of the company's funds in the possession and disposal of the employee, whether embezzlement, discharge or waste in exchange or maintenance or unauthorized spending or spending in other than what it was allocated for, or fraud, against trust or theft in obtaining the Company's funds or rights directly or indirectly.
2. Bribery and exploitation of influence and power: The person who works for the company is considered to be a receiver of bribes if: (1. requests for himself or for another person, or accepts or takes a promise or a gift to perform a work of his job, alleged to be a function of his job, even if such is legitimate. (2. requests for himself or for another person or accepts or takes a promise or a gift to refrain from doing his job or alleged to be a function of his job, even if such abstention is lawful. (3. requests for himself or for another person or accepts or takes a promise or a gift to breach the duties of his job or to reward him for what occurred from him, even if without prior agreement. (4. he has violated the duties of his job by undertaking or abstaining from performing the work of that function as a result of a request, recommendation or mediation. (5. requests for himself or any other person or accepts or takes a promise or gift to use real or alleged influence to obtain or attempt to obtain from any authority a work, order, decision, obligation, license or supply agreement on a job, service or advantage of any type. (6. requests for himself or for another person or accepts or takes a promise or gift given for his job to pursue a transaction relating to the company.
3. Fraud: means personal gain, loss of a third party, or seizure of funds or third parties' rights through the use of means of fraud, deception, disinformation, or deliberate concealment of data mandatory to be disclosed. Fraud takes many forms. The most prominent of these are fraudulent accounts, statements, or certificates, false payments, misleading purchases, invoicing of incorrect travel expenses, change of exchange orders and permissions, invoicing of services or goods that exceed the real price, Insurance records and reports manipulation, establishment of accounts outside the books, making transactions without being recorded in the books or without adequately documenting them, registration of fictitious expenses, document financial obligations without proper identification of their purpose, use of false documents, intentional damage to accounting documents before the date imposed by the law, exceeding the authority matrix or circumvent the text of it, the use of the company's funds and rights other than for the purposes intended, enter into contracts on payments without approval of the person with authority.

#### Article 114: Violation of the Code of Conduct and Ethics

- A. As these rules are an integral part of the documents that bind the company to the persons working for it, the violation of its provisions and the obligations contained therein expose the violator to the sanctions mentioned in the relevant regulations and documents.
- B. In the event that an employee fails in complying with the provisions of these rules, he shall individually bear the effects of such violation, including any penalty imposed by the supervisory authorities, and compensate the company for the damage suffered. The Company shall have the right to take disciplinary measures against the violating employee in accordance with the Company's work regulations and shall have the right to take the corrective actions for such violation.

### Section 8 Final Provisions

#### Article 115: Endorsement and Enforceability

- A. This manual is adopted by various resolutions of the General Assembly of Shareholders, the Board of Directors, the Board Committees and the Executive Management, in accordance with the powers vested in each of them according to the relevant laws and regulations and the Company's bylaws and internal regulations to construct this inclusive manual in accordance with the regulatory requirements and international best practices.
- B. This Manual shall be effective on the date of the full approval of the section of this Manual by each body.
- C. This Manual shall be amended by the responsible person and with the consent of the internal authority deciding on the part to be amended.
- D. This manual has been published in Arabic and may be translated into other languages. If translated and the meaning is different between these copies, the Arabic version shall prevail.

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