

SAUDI AIRLINES
CATERING



الخطوط السعودية
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Saudi Airlines Catering Company Corporate Governance Manual

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Version 1

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Following are the definitions of certain terms used in this document:

#	Term	Description
1	Accumulative Voting	A method of voting for electing Directors, which gives each shareholder a voting rights equivalent to the number of shares he holds. He has the right to use them all for one nominee or to divide them between his selected nominees without any duplication of these votes. 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.
2	Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
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> <ul style="list-style-type: none"> a) that individual's spouse or minor children (together "the individual's family"); and 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: <ul style="list-style-type: none"> • to exercise or control the exercise of 30% or more of the votes at the general meeting on all, or substantially all, matters; or • to appoint or remove Directors holding a majority of voting rights at Board Meetings on all, or substantially all, matters; and <p>2) In relation to a substantial shareholder which is a company:</p> <ul style="list-style-type: none"> a) any other company which is its subsidiary or parent or fellow subsidiary of the parent; b) any company whose Directors are accustomed to act in accordance with the substantial shareholder's directions or instructions; and 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: <ul style="list-style-type: none"> • to exercise or control the exercise of 30% or more of the votes at the general meeting on all, or substantially all, matters; or • to appoint or remove Directors holding a majority of voting rights at Board Meetings on all, or substantially all, matters.

#	Term	Description
4	Voting rights	All the voting rights attributable to the shares of a company which are exercisable at a general meeting.
5	Authorized person	A person who is authorized to carry on securities business by the Authority.
6	Board	Saudi Airlines Catering Company Board of Directors which is responsible for directing and controlling the Company to fairly achieve shareholders' interests.
7	Committees	Committees appointed by the Board.
8	Capital Market 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.
9	Companies Regulations	Saudi Arabian Companies Act was issued by Royal Decree no: M/6 dated 22 Rabi Thani 1385 Corresponding date 20 July 1965.
10	Chairman	Chairman of the Board of Directors of Saudi Airlines Catering Company.
11	Company	Saudi Airlines Catering Company (the "Company").
12	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 governing body; "controller" shall be construed accordingly.
13	Substantial shareholder	A person holding (5%) or more of the class of shares of the issuer.
14	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.
15	Shareholder General Assembly	The General Assembly that is composed of all shareholders that own shares in the Company. Shareholders exercise their rights at the General Assembly Meeting.
16	Stakeholder	Any person who has an interest in the company, such as shareholders, employees, creditors, customers, suppliers, community.
17	Share	Share of any company wherever incorporated. The definition of "share" includes every instrument having the characteristics of equity.
18	Director	In relation to a joint stock company, includes a member of the Board of Directors and in relation to any other company includes any manager or other Senior Executive who makes and implements the company's strategic decisions.

#	Term	Description
19	Employee	In relation to a person, includes a Director or manager of a company, 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.
20	"Tadawul" or Exchange	The automated system for trading of Saudi shares.
21	Governing body	The body of individuals which makes a person's strategic decisions. The governing body of a joint stock company is its Board of Directors.
22	Independent Member	<p>A member of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence:</p> <ol style="list-style-type: none"> 1) he/she holds a five per cent or more of the issued shares of the company or any of its group. 2) Being a representative of a legal person that holds a five per cent or more of the issued shares of the company or any of its group. 3) he/she, during the preceding two years, has been a senior executive of the company or of any other company within that company's group. 4) he/she is a first-degree relative of any board member of the company or of any other company within that company's group. 5) he/she is first-degree relative of any of senior executives of the company or of any other company within that company's group. 6) he/she is a board member of any company within the group of the company which he is nominated to be a member of its board. 7) If he during the preceding two years, has been an employee with an affiliate of the company or an affiliate of any company of its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling interest in any such party.
23	Traded security	A security traded on the Exchange.
24	Judicial Persons	Investors who are judicial persons and who act on behalf of others - e.g. investment funds- shall disclose in their annual reports their voting policies, actual voting, and ways of dealing with any material conflict of interests that may affect the practice of the fundamental rights in relation to their investments.

#	Term	Description
25	Relevant 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; or 3) securities of an offeror which carry substantially the same rights as any to be issued as consideration for the offer; or 4) securities of the offeree company and an offeror carrying conversion or subscription rights into any of the above-mentioned securities
26	Listing	Listing of the securities on the Exchange or, where the context permits, application for registration and administration to listing.
27	Non-Executive Director	A member of the Board of Directors who does not have a full-time Management position at the Company, or who does not receive monthly or yearly salary.
28	Person	Any natural or legal person recognized as such under the laws of the Kingdom.
29	Day	A business day in the Kingdom in accordance with the official working days of the authority.



Introduction

1. Introduction

The Board of Directors (the “Board”) of Saudi Airlines Catering Company (the “Company”) should be responsible for overseeing the Company’s management and business affairs and should make all major policy decisions of the Company. As such, the Board has adopted this Code of Corporate Governance. This Code, together with the Company’s Articles of Association, Bylaws and the Charters of certain Board Committees, provides the authority and suitable practices for governance of the Company.

1.1 Purpose

- 1.1.1 This document serves as the Corporate Governance Framework for the Company. It provides guidelines for the effective governance of the Company in an effort to enhance long-term shareholder value.
- 1.1.2 This Corporate Governance Framework has been developed on the basis of the Companies Laws / Regulations and CMA Corporate Governance Regulations (some of the guiding principles of the Corporate Governance has been taken into consideration while developing this manual to ensure effective governance structure for the Company to be in line with the CMA requirements).

1.2 Corporate Governance Mission

- 1.2.1 The Company aspires to the highest standards of ethical conduct: doing what it says; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the Company’s business.
- 1.2.2 The Board of Directors shall provide central leadership to the Company, establish its objectives and develop the strategies that direct the ongoing activities of the Company to achieve these objectives. Directors shall shape the future of the Company; protect its assets and reputation. They will consider how their decisions relate to “stakeholders” and the regulatory framework. Directors shall apply the required skill and care in exercising their duties to the Company and are subject to fiduciary duties.
- 1.2.3 Directors shall be accountable to the shareholders of the Company for the Company’s performance. The Company’s Shareholders at all times have the authority to remove the Board of Directors from their office.

1.3 What is Corporate Governance?

- 1.3.1 One of the most powerful trends in today’s fast changing world is the fact that businesses and their leaders are increasingly confronted with the

independence between their organization and its stakeholders. As a result of this confrontation the traditional primary role of business as a "profit maker" is challenged; good business performance should be more than merely profit-focused financial performance.

- 1.3.2 This trend represents a shift of power from inside to outside the organization, revolutionizing Boardroom culture and priorities. As external stakeholders have more say than ever in how business leaders run their businesses, these leaders are required to demonstrate through their actions and decisions that they are part of society and not merely of an economy.
- 1.3.3 It's 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.
- 1.3.4 Using the phrase "corporate governance" literally means applying the concept in its broadest sense to the direction and management of the Company and the creation of value for its shareholders. To others, corporate governance simply means the implementation of control systems to prevent conflicts of interest and other improper conduct.

1.4 Usage of this Manual

- 1.4.1 This manual is used as a reference for the Management and the Board of Directors and Committees of the Board of Directors.
- 1.4.2 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.

1.5 Custodian of the Manual

- 1.5.1 The custodian of this manual is the Chief Corporate Affairs Executive. Any inquiries related to this manual and its content should be directed to the custodian. The custodian is responsible for safe-keeping and distributing the manual to concerned parties. In addition, the custodian is responsible for enforcing and updating this manual.



1.6 Intended Audience

- 1.6.1 The Shareholders, Board of Directors and Committees of the Board of Directors are eligible to view this document. This document is considered private property of Saudi Airlines Catering Company. The company may publish a summary of this manual on its website.

1.7 Approving the Manual

- 1.7.1 The Corporate Governance Manual should be approved by the Board of Directors before being distributed and implemented. After approval, the manual is effective and is shall be reviewed and updated periodically by the custodian.

1.8 Implementation of the Manual

- 1.8.1 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.

1.9 Manual Update

- 1.9.1 This manual is intended to serve as a living document. It is expected to be updated with modifications and additions when necessary.
- 1.9.2 In case an issue arises which has not been addressed in this guide, leading practice must be followed. The issue must also be addressed in future updated versions of the manual.
- 1.9.3 All updates must be done in accordance to the update procedures mentioned in this manual.

1.10 Scope of the Manual

- 1.10.1 This document provides the framework for the effective governance of the Company in an effort to enhance long-term shareholder value. The Framework addresses several key governance issues and principles and is broken into the following sections:
- Shareholders & General Assembly Guidelines** – The guidelines discuss the purpose, responsibilities, structure and the operations of the Shareholders' General Assembly.
 - Board of Directors Guidelines** – The guidelines discuss several key governance issues and principles including Board responsibilities, Director

Qualifications, Director Responsibilities, Board structure and operations, Board committees, access to management and independent advisors, Director compensation, Director orientation, management evaluation and succession, Board performance evaluation, and relations with shareholders.

- c. **Audit Committee Charter(^)** – The Charter discusses the purpose, responsibilities, structure and the operations of the Audit Committee of the Board of Directors.
- d. **Nomination & Remuneration Committee Charter(^)** – The Charter discusses the purpose, responsibilities, structure and the operations of the Nomination & Remuneration Committee of the Board of Directors.
- e. **Code of Conduct and Ethics** – The Code discusses 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.
- f. **Disclosure** – This section discusses the disclosure requirements that the Company shall carry out in accordance with the applicable laws, rules and regulations.
- g. **Conflict of Interest** – This section discusses matters related to Directors' conflict of interest as well as insider trading.
- h. **Executive Committee Charter(*)** – The Charter 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.
- i. **Governance and Social Responsibility Committee Charter(*)** – The Charter discusses the purpose, responsibilities, structure and the operations of the Governance and Social Responsibility Committee Charter of the Board of Directors.

(^) – As per CMA, these are mandatory committees

(*) – These are recommended committees are per leading practice

1.11 Manual Maintenance

- 1.11.1 The manual must be reviewed and approved regularly to reflect changes that may occur in Saudi Airlines Catering Company or the surrounding environment.
- 1.11.2 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	Chief Corporate Affairs Executive	Board of Directors

1.12 Update Procedures

- 1.12.1 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:
- Changes in the laws of Saudi Arabia
 - Changes in the regulations of the Capital Market Authority
 - Changes in the Company's Articles of Association
 - Changes in the Company's Bylaws
- 1.12.2 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.
- 1.12.3 A change request must be issued before making changes to this manual.
- 1.12.4 Review and approval of any changes to this manual must be done in accordance to the manual maintenance section detailed above.
- 1.12.5 Once the changes are approved, the custodian should update the changes log with a summary of the changes.
- 1.12.6 All temporary changes will be issued in the form of a memorandum and will follow the same update procedure.
- 1.12.7 Temporary changes must be kept to a minimum and will be activated for a period not exceeding one month. Otherwise, temporary changes will need to be re-issued in an updated memorandum of temporary changes .

1.13 Changes Log

- 1.13.1 All changes to this manual must be dated and kept in a sequential format.
- 1.13.2 The manual should be update with the version number and date on every page of the manual.
- 1.13.3 The custodian should ensure that all concerned parties are aware of any updates to this manual.
- 1.13.4 The following table should be used to log and approve changes to the manual:

Date (Updated version): xx/xx/xx Date (Current version): xx/xx/xx

Version	Date	Changes Summary

1.14 Copyright

- 1.14.1 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.

1.15 Benefits of Good Corporate Governance

- 1.15.1 Good corporate governance is about developing, maintaining, monitoring and controlling corporate structures and procedures to ensure that accountability, transparency, fairness and responsibility are embedded in the corporate decision making process.
- 1.15.2 Good corporate governance is not simply about avoidance of financial shocks; nor should the emphasis be on the negative impacts of poor corporate governance. Rather the positive benefits of good governance should be the primary concern of the Company.
- 1.15.3 Companies that adopt a high level of transparency, accountability and fairness will have a strong and sustained impetus to perform well and create value in the long term.
- 1.15.4 Companies practicing good corporate governance can reap various benefits such as:
 - a. Mitigating risks:



- Effective Board oversight reduces risk of mismanagement and fraud.
 - Strong internal controls improve integrity of financials.
 - Instills culture of compliance.
- b. Winning confidence of the Exchange:
- Enhanced Exchange trust from corporate governance leads to higher share price/lower cost of capital and access to wider pool of capital.
 - Improved corporate governance attracts prominent investors & retains shareholders confidence in the Company.
- c. Improving competitiveness:
- A highly qualified well informed Board can go beyond oversight and make value added contributions to strategy and provide effective directions to management.
 - Rigorous Board oversight of the President succession/talent management processes ensures that the right people will be available to fill the right places at the right time.
 - Accurate information derived from strong internal controls can also contribute to better management decisions.



Shareholders & General Assembly Guidelines

2. Shareholders & General Assembly Guidelines

2.1 Purpose

2.1.1 The following discusses the Shareholders & the General Assembly Guidelines.

2.2 Shareholders' General Rights

- 2.2.1 All the shareholders' rights related to the shares should be instilled, and the following rights in particular:
- a. The right to receive a dividend from the dividends that are approved for distribution.
 - b. The right to receive a share of the assets of the Company in the event of liquidation.
 - c. The right to vote in the shareholders assembly meetings and on its resolutions. Votes in the Ordinary General Assembly and the Extraordinary General Assembly are counted as one vote for each share. However, Directors may not participate in voting on resolutions of a meeting pertaining to their relief from liability for their administration.
 - d. The company encourages its shareholders that own at least twenty (20) shares to participate in General Assembly Meetings and discuss and evaluate the performance of the Board of Directors. If a shareholder is unable to attend the meeting he/she may authorize –in writing– another shareholder excluding Directors and employees to attend the General Assembly Meeting and vote and vote on their behalf. In this case, it is encouraged that the vote is specified in the written authorization although it is not mandatory. Written authorizations should be handed to the company's management at least three (3) working days before the General Assembly Meeting.
 - e. The right for any actions towards their shares.
 - f. The right to monitor the Board of Directors' works and resolutions as well as the right to raise any responsibility claims against any of the members of the Board of Directors.

- g. The right to raise queries and receive information regarding the Company's operations without causing harm to the Company's interest and should not form a conflict with CMA laws and regulations.
- h. All information which enables shareholders to properly exercise their rights shall be made available and such information shall be comprehensive and accurate. These information must be provided and updated regularly and within the prescribed times. The Company shall use the most effective means in communicating with shareholders. No discrepancy shall be exercised with respect to shareholders in relation to providing information.

2.3 Facilitating Shareholders' Rights and making the information available for them

- 2.3.1 The Company's Articles of Association and its bylaws as well as its internal policies and procedures shall be conjoined while ensuring that the shareholders exercise their legal right.
- 2.3.2 The Company should make available all information which enables the shareholders to perfectly exercise their rights. This information should be sufficient, correct and accurate and should be updated regularly and presented in a regular manner to the shareholders plus the Company should implement an effective method to communicate with its shareholders and there should be no preference between one shareholders or another in giving this information.

2.4 Shareholders' Rights Relating to General Assembly Meetings

- 2.4.1 The Regular General Assembly shall be convened at least once a year within the six months following the end of the Company's financial year.
- 2.4.2 Other meetings of the General Assembly shall be convened whenever the need arises as shall be determined by the Board of Directors, or upon the request of the independent auditor or shareholders representing at least 5% of the Company's capital.
- 2.4.3 The notices of the General Assembly Meeting shall be published in the Saudi Stock Exchange (the "Exchange" or "Tadawul") and the Company's official internet sites, the Official Gazette and in a daily newspaper distributed in the locality of the head office of the Company, at least twenty five (25) days prior to the date agreed for the meeting. The notice shall contain the agenda for the meeting. Modern high tech means such as emails should be used in communication with shareholders.

- 2.4.4 Shareholders shall exercise their voting rights at the General Assembly and shall be informed about the rules governing the meetings and voting procedures through the above General Assembly Meeting notices.
- 2.4.5 The Board shall encourage and facilitate the widest possible participation of the shareholders at the General Assembly Meetings by appointing the most appropriate time and place for the meeting.
- 2.4.6 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.
- 2.4.7 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 impair the Company's interest.
- 2.4.8 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.
- 2.4.9 Minutes of meetings should be made available for the shareholders and a copy should be sent to the Capital Market Authority within a maximum of 10 days after the date of the meeting. (**)
- 2.4.10 The Stock Exchange should be updated immediately with the results of the General Assembly Meeting, the results that are disclosed to the Stock Exchange are ideally of strategic nature and/or have a significant bearing on the Company's operations. Examples of these includes merger, acquisitions, dis-investments, key decisions on supplier contracts and related party transactions, the Company's financial results during the year, changes in board membership etc. (**)

(**) – Effective from 19/2/1434H corresponding to 1/1/2013G – as per CMA resolution No. 1-20-2012 dated 17/2/1434H corresponding to 30/12/2012G, these are mandatory provisions for all listed company on the Exchange.

2.5 Regular General Assembly Guidelines

- 2.5.1 According to the Company's Bylaws (Article 25), a shareholder may, in writing, give proxy to another shareholder other than a Director to attend the General Assembly Meeting on his behalf.
- 2.5.2 The Chairman, and in absence of the Chairman, the Vice-Chairman of the Board will preside at 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 Chairman appoints the meeting's secretary and a canvasser and prepares a list indicating the names of the present shareholders, their representatives, the number of shares they own, or by proxy, the number of votes allocated for them, the resolutions that have been adopted, the number of votes agreeing or disagreeing, and a summary of the discussions that took place during the meeting.

- 2.5.3 The General Assembly will only discuss items on the meeting agenda.
- 2.5.4 It is expected that all the Board of Directors will attend the annual Shareholders' General Assembly.
- 2.5.5 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.
- 2.5.6 Following every General Assembly Meeting, the minutes shall be entered into a special register, which shall be signed by the Chairman and Board Secretary of the meeting.
- 2.5.7 The Regular General Assembly Meeting will be valid only if is attended by shareholders representing at least one half of the Company's capital. If this quorum is not achieved at the first meeting, a notice shall be sent for a second meeting within 30 days of the previous meeting. The second meeting shall be considered valid regardless of the number of shares represented at the General Assembly meeting.
- 2.5.8 The Regular General Assembly Meeting shall discuss and address all matters related to the Company, except for matters falling within the jurisdiction of the Extraordinary General Assembly Meeting. The following are the typical duties and responsibilities of the Regular General Assembly:
- Election and dismissal of Directors.
 - Review the Board's report on the activities and performance of the Company.
 - Review the Independent Auditor's report.
 - Approve the Company's annual financial statements.
 - Approve distribution of profits to shareholders (dividend).
 - Approve the appointment of the Independent Auditor and its compensation.
 - Approve the equity compensation of the Directors and the Executive officers, i.e. preference shares.
- 2.5.9 The resolutions of the Regular General Assembly Meeting shall be adopted by absolute majority vote of the shares represented at the meeting. Absolute majority to be construed as two-thirds' majority of shareholders.

2.6 Extraordinary General Assembly

- 2.6.1 The Extraordinary General Assembly shall be convened whenever the need arises and at such times as shall be determined by the Board of Directors.
- 2.6.2 The following are the typical duties and responsibilities of the Extraordinary General Assembly:
- Amendments to the statues or Articles of Incorporation and other similar governing documents of the Company.
 - Extraordinary transactions, including sale of the Company and mergers and acquisitions.
 - Amendments to the capital structure of the Company.
 - Any corporate changes that dilute the equity or erode the interests of shareholders.
- 2.6.3 The Extraordinary General Assembly Meeting may also adopt resolutions on matters falling primarily within the jurisdiction of the Regular General Assembly Meeting.
- 2.6.4 The Extraordinary General Assembly Meeting will be valid only if attended by shareholders representing at least one half of the Company's capital. If this quorum is not achieved at the first meeting, a notice shall be sent for a second meeting within 30 days of the previous meeting. The second meeting shall be valid if attended by a number of shareholders representing at least one quarter of the Company's capital.
- 2.6.5 The resolutions of the Extraordinary General Assembly Meeting shall be adopted by a two-third majority of vote of the shares represented at the meeting. But if a resolution pertains to an increase or a decrease in capital, or to extension to the term of the Company, or to dissolution of the Company prior to expiry of the term specified in its bylaws or to merge the Company with another company or firm, it shall be valid only if adopted by a three-fourth majority vote of the shares represented at the meeting.
- 2.6.6 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.
- 2.6.7 The decision of the Board of Directors to refuse to convene such a Meeting stating the reasons for such a refusal shall be forwarded to the person(s) who requested the convention thereof, within three days after the date of the decision.

2.7 Shareholders Rights & Voting Powers

- 2.7.1 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. On the contrary, the Company should facilitate the shareholders' rights to vote.
- 2.7.2 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.
- 2.7.3 Votes in the Ordinary General Assembly and the Extraordinary General Assembly are counted as one vote for each share. However, Directors may not participate in voting on resolutions of a meeting pertaining to their relief from liability for their administration.

2.8 Shareholders Dividend Rights

- 2.8.1 The Board should establish a clear policy regarding the distribution of dividend that balances both the Company and the shareholders' interests. This policy should be clearly communicated to shareholders in the General Assembly Meetings and should be noted in the Board of Directors' report.
- 2.8.2 The General Assembly should approve and declare the proposed dividends and the payment date. The right to receive a dividend, whether in cash or bonus shares, is to shareholders registered in the Securities Depository Center at the end of the trading on the day of the General Assembly Meeting.
- 2.8.3 According to the Company's Bylaws (Article 44), the dividend policy has been defined and it does consider the below mentioned requirements.
- 2.8.4 According to the Company's Bylaws (Article 44), the board of directors shall in each year set aside 10% of the net profits to build up a reserve fund to be called the statutory reserve. The regular general meeting may resolve to stop such deduction when the said reserve amounts to one-half of the capital.
- 2.8.5 As per Article 126 of the Companies Regulations, the statutory reserve shall be used for meeting the company's losses or for increasing its capital. If the statutory reserve exceeds one half of the company's capital, the regular general meeting may resolve to distribute such excess (as dividends) among the stockholders.
- 2.8.6 In accordance with the Article 127 of the Companies Regulations and the Company's Bylaws (Article 44), the company's by-laws shall specify the percentage to be distributed among stockholders out of the net profits, after

deduction of the statutory and the contractual reserves provided this percentage in not less than 5% of the capital.

- 2.8.7 Dividends are proposed at the Board of Directors' Meeting after the finalization of the financial statements for the financial period (i.e. quarter-end or year-end). Dividends can be paid in one or more payments.

2.9 Releasing Annual and Quarterly Results to Shareholders

- 2.9.1 The Company shall announce its interim and annual financial statements immediately upon approval by the Board of Directors. These financial results shall not be published to the Shareholders or third parties prior to their announcement in the CMA.
- 2.9.2 The interim and annual financial statements of the Company must be approved by the Board of Directors and signed by the Chairman, President and Chief Financial Officer (CFO) prior to their issuance and circulation to Shareholders.
- 2.9.3 The Company will provide the Capital Market Authority and announce to the Shareholders its interim (quarterly) financial statements as soon as they have been approved and within a period not exceeding 15 days after the end of the financial period to which they relate. However, these financial results shall not be published to the Shareholders or third parties prior to their announcement in the CMA.
- 2.9.4 The Company will provide the Capital Market Authority and announce to the Shareholders its annual financial statements as soon as they have been approved and within a period not exceeding 40 days after the end of the annual financial period to which they relate. These financial statements must be provided to the Capital Market Authority and announced to the Shareholders not less than 25 days before the date of the Annual General Meeting.



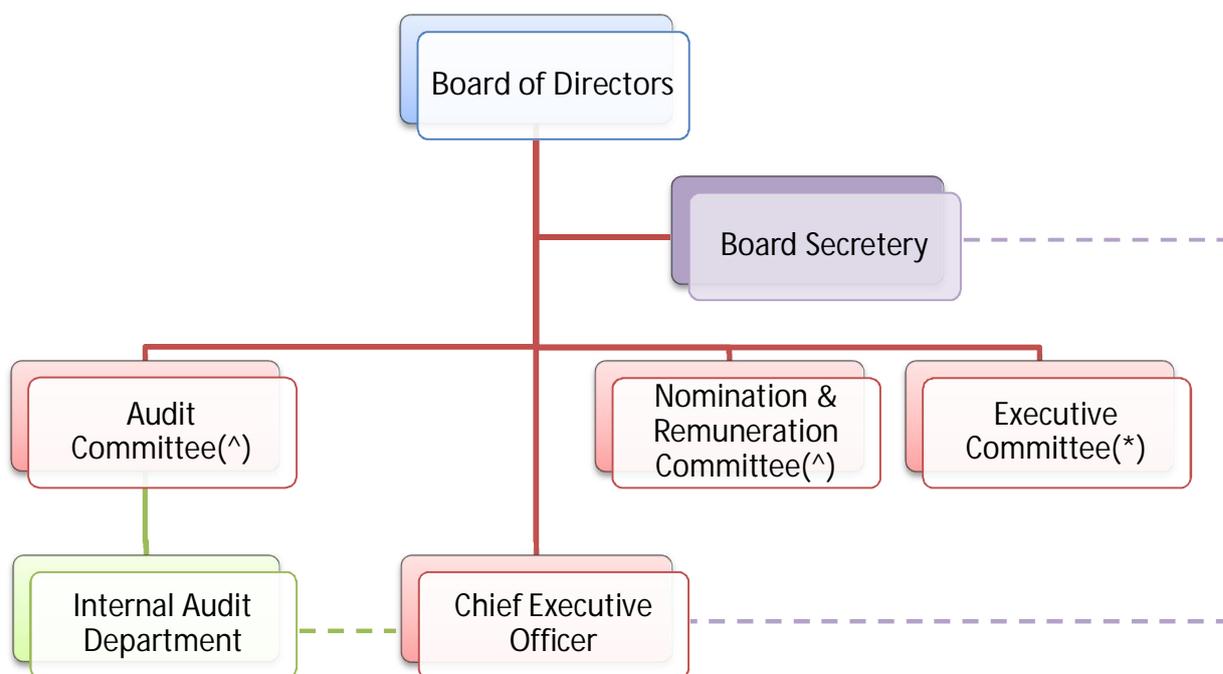
Board of Directors Guidelines

3. Board of Directors Guidelines

3.1 Purpose

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 interests of its clients, employees, suppliers and its local communities. In all actions taken by the Board, the Directors will be expected to exercise their business judgment 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 outside advisors and auditors.

3.2 Board of Directors Chart



(^) As per CMA, these are mandatory committees

(*) Recommended committee as per the leading practices.

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



3.3 The Board 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:

3.3.1 Leadership and Direction:

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

3.3.2 Approve the Strategic Direction and Objectives of the Company and Monitor its Implementation:

- a. Establish the key strategic aims and determine the strategic objectives and outcomes required.
- b. Drive the development of the business plan, provide constructive challenge and ensure its effectiveness.
- c. Approve an annual business plan, budgets for revenue and both operating and capital expenditures and the financial strategy that supports the achievement of the corporate strategy and plan.
- d. Establish a framework for the approval and regular review of policies and plans to achieve its business objectives.
- e. 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.
- f. Oversee major capital expenditure, acquisitions and divestitures.
- g. Decide the performance objectives to be achieved and supervise the implementation thereof and the overall performance of the Company.
- h. Review and approve the organizational and functional structure of the Company on a periodical basis.

3.3.3 Risk Management:

- a. Establish and oversee a framework for the identification, management and review of risks, including agreeing the risk capacity and tolerance.

- b. Identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks.
- c. Contribute to the review and evaluation of strategic risks and receive regular reports on these and emerging risks.
- d. Ensure that a positive culture of managing opportunities, threats and uncertainties is embedded throughout the Company.
- e. Determine policies and decisions on all matters that might create a significant financial or other risk to the Company, or which raise material matters of principle.
- f. Demonstrate in the strategy document that it is able to proactively identify and understand significant risks that the Company faces in achieving its objectives through its business strategies and plans.

3.3.4 Establish the Internal Controls Framework and Effective Monitoring: (**)

- a. Establish a written policy that covers conflict of interests for the Board Members, Executive Management and Shareholders which should include any misuse of the assets of the Company and any misconduct resulting in from related party transactions.
- b. Ensure the adequacy of the Company's financial and accounting systems, including the systems for preparing the financial reports.
- c. 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.
- d. 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.
- e. On annual basis and on periodic basis, the Board shall review the efficiency of the Company's internal control.
- f. 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.

(**) – Effective from 1/1/2012G – as per CMA resolution No. 1-33-2011 dated 3/12/1432H corresponding to 30/10/2011G, these are mandatory provisions for all listed company on the Exchange.

3.3.5 Performance Monitoring:

- a. Regularly review and monitor performance in relation to plans, budgets, controls and decisions.

- b. Obtain and consider performance information in relation to customer and stakeholder feedback and benchmark this against comparable organizations and activities.

3.3.6 Reporting of the Company's Performance:

- a. Obtain assurance that the business affairs are conducted lawfully and in accordance with generally accepted and specific standards of reporting, performance and probity.
- b. Ensure that the Company complies with all relevant regulatory requirements.
- c. 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.
- d. Obtain and consider performance information in relation to stakeholder feedback and benchmark against comparable organizations and activities.

3.3.7 Commitment:

- a. Give time and commitment to attend meetings.
- b. Show commitment to read documents in advance and evaluate information provided by the Companies management.
- c. Make effective contributions to the decision making process.
- d. Commitment to continuously monitor and safeguard the Company's reputation and closely working towards enhancing it.

3.3.8 Corporate Governance: (**)

The Board of Directors should establish the corporate governance system within the Company which should not conflict with CMA laws & regulations; also they should monitor its effectiveness and adjust it as and when deemed necessary

(**) – Effective from 30/6/2013G – as per CMA resolution No. 3-40-2012 dated 17/2/1434H corresponding to 30/12/2012G, these are mandatory provisions for all listed company on the Exchange.

3.3.9 Ambassadorial Role:

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

3.3.10 Executive and Management Arrangements:

- a. Appoint (and, if necessary, dismiss) the Chief Executive Officer and approve his salary, benefits and terms of employment.
- b. Ensure the Board is represented in the appointment of other senior staff.
- c. Ensure there are appropriate policies and systems in place to recruit, develop, retain and remunerate staff.
- d. 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.
- e. Establish policies regarding the evaluation of the Senior Management of the Company and ensure that appropriate policies regarding the evaluation of other personnel by Senior Management are in place and utilized.
- f. Evaluate the overall performance and effectiveness of the Board and decide on matters of corporate governance.
- g. Review succession plans and management development programs for Senior Management.

3.3.11 Reporting:

- a. Ensure the integrity of the Company's accounting and financial reporting system, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial controls, and compliance with the law.
- b. Oversee the process of disclosure and communications.
- c. The Board shall discuss and approve the financial statements of the Company and ensure its correctness before they are submitted to the Shareholders.

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 outside counsel, auditors or consultants, or incur other expenses for this purpose, which the Company shall pay. The Board may also meet with the Company's investment bankers or financial analysts of the Company. The Board may require any officer or employee of the Company, the Company's outside legal counsel, and the Company's external auditors to meet with the Board or any committee of the Board. The Board should use discretion to assure that such contact is not distracting to the business operations of the Company and that any written contact should be copied to the President.

3.3.12 Board Membership (**)

The Board of Directors should establish specific and explicit policies, standards and procedures for the membership of the Board of Directors and implement them after approval by Shareholders' General Assembly.

*(**) – Effective from 30/6/2013G – as per CMA resolution No. 3-40-2012 dated 17/2/1434H corresponding to 30/12/2012G, these are mandatory provisions for all listed company on the Exchange.*

3.3.13 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:

- a. A mechanism to compensate stakeholders in case of a breach their legal rights as so established by the laws and contracts.
- b. A mechanism for settling disputes or complaints which may arise between the Company and its stakeholders.
- c. Proper mechanisms to establish strong relationships with suppliers and customers and ensure confidentiality of their related information with the Company.
- d. Establish professional behavior principles for the Company's management and employees in compliance with professional and behavior standards which should control the relationship with stakeholders. The Board should also establish a mechanism to monitor the implementation of those principles and standards.

3.3.14 Compliance:

The Board of Directors should establish policies and procedures that ensure compliance with laws and regulations and disclosure of significant information to shareholders, creditors and other stakeholders.

3.4 Board of Directors Responsibilities

3.4.1 Without prejudice to the competences of the General Assembly, 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 establishes Committees or delegates some of its power to a third party. The Board should avoid general delegations or delegations without specific time frame.

3.4.2 According to the Company's Bylaws (Article 21), without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the business of the Company and supervise all of its affairs including and without limitation, to ratify contracts and enter into bids for the account of the Company, buy, sell, mortgage and lease all movable and immovable assets of the Company and discharge the Company's debtors of their debts, obligations and all of the other activities fulfilling the Company's objectives. The Board of Directors also has the right to donate to charities and accept gifts; to establish companies in which the Company participates; to make any necessary amendments, including capital increases or decreases; to sell or buy parts of these companies; to accept the joining or withdrawal of a partner; to amend the Company's administration or its objects or any articles or the Bylaws in front of a Notary; all of the other authorized authorities; and also to sign all agreements.

3.4.3 The Board of Directors has the right to approve loan agreements of more than three years and to give guarantees for it, subject to these conditions:

- The Board of Directors must specify in their decision the way the loan should be spent and how to pay it;
- The Board of Directors must take into consideration that the loan's conditions and the guarantees given do not harm the Company, its shareholders and the creditors' general guarantees.

The Board of Directors is entitled to authorize anyone to do one or more of the above mentioned responsibilities.

3.4.4 The Board should undertake its responsibilities and duties with professional, serious and due care, and its resolutions should be based on sufficient information from the Executive Management of the Company or any other trusted source.

3.4.5 A Board member represents all the shareholders, and he should be committed to what is in the best interest for the Company and not for the group of shareholders that he represents or the group of shareholders that voted for him.

3.4.6 The Board should establish authorities and decision making that is delegated to the Executive Management of the Company and establishes the time frame for those delegations. The Board should establish the items which the



Board keeps the authority and the decision making. The Executive Management should report periodically to the Board on the activities that have been authorized to them.

- 3.4.7 The Board should ensure that procedures are established to assist with the orientation of new Board members with regard to the Company's operations and in particular the financial and legal aspects. Training should be provided if necessary.
- 3.4.8 The Board should ensure the sufficiency of the Company's information for all Board members in general.



Selection and Composition of the Board of Directors

4. Selection and Composition of the Board of Directors

4.1 Board Structure and Size Guidelines

4.1.1 According to the Company's Bylaws (Article 18), the Board shall comprise of eight (8) members to be appointed for a term of 3 years.

4.1.2 As an exception, the shareholders have appointed the first Board for five years starting from the date of announcing the decision of the minister of commerce and industry to transform the company

4.1.3 The Chairman of the Board shall be selected by the affirmative vote of the majority of the Directors. Majority to be construed as 51% voting, unless the by-laws of the company provide for a higher proportion.

4.1.4 The Shareholders' General Assembly is responsible for appointing the members of the Board for a period that is in accordance with the Company's bylaws. However this period should not exceed three (3) years. It is permitted to reappoint the same members at the end of the period as long as it does not conflict with the Company's bylaws.

4.1.5 The majority of the members of the Board of Directors shall be non-Executive members. (**)

4.1.6 The Chairman of the Board should not have an Executive role in the Company such as; President, Department or Operations Managers.

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

(**) – Effective from year 2009 – as per CMA resolution No. 1-36-2008 dated 12/11/1429H corresponding to 10/11/2008G, these are mandatory provisions for all listed company on the Exchange.

4.1.8 At the end of the term of a Board membership, regardless of the means of ending the term, the Company shall immediately notify the CMA and the Exchange with the reasons thereon. (**)

(**) – Effective from 19/2/1434H corresponding to 1/1/2013G – as per CMA resolution No. 1-20-2012 dated 17/2/1434H corresponding to 30/12/2012G, these are mandatory provisions for all listed company on the Exchange.

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

4.2 Board Member Nominations

- 4.2.1 The Nomination & Remuneration Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the nominees for Directorship.
- 4.2.2 The Nomination & Remuneration Committee shall conduct an annual review of the required skills, competencies and qualifications, of individuals to be nominated for Directorship, and of existing Directors.
- 4.2.3 The Nomination & Remuneration Committee shall also assist the Board in determining on an annual basis, the compliance of each Director to the Company's code of business conduct and ethics and the independence of each Director as may be required under the applicable securities laws and stock exchange regulations.

4.3 Director Qualifications

- 4.3.1 Directors shall meet the independence and experience requirements to the extent required under the applicable laws, rules regulations.
- 4.3.2 Directors shall be individuals of high integrity focused on enhancing long-term shareholder value.
- 4.3.3 Directors should be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Directors may serve on other Boards of public companies provided they are able to perform responsibly all of their Directors' duties and responsibilities.
- 4.3.4 The most important skills that the Directors should possess are: vision, strategic perspective, good managerial judgment, an ability to manage and supervise an organization, knowledge of law and/or finance as well as some knowledge specific to the Company area of business (e.g. industry knowledge).

4.4 Criteria for the Composition of the Board

- 4.4.1 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 in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated and be selected based upon the contributions they can make to the Board.

- 4.4.2 The assessment should also include issues of judgment, diversity, age and skills such as understanding of financial and investment companies, international background, etc. – all in the context of an assessment of the perceived needs of the Board at that point in time. Individual Directors should possess the personal characteristics including; Integrity and Accountability, Informed Judgment, Financial Literacy, Mature Confidence and High Performance Standards. Effective Boards are composed of individuals who are experienced in their respective fields of endeavor and whose knowledge, background and judgment will be useful to the Company. Directors must have the ability and willingness to learn the Company's business and to express their personal views.
- 4.4.3 The factors to be considered by the Nomination & Remuneration Committee and the Board in its review of potential candidates should include:
- a. Whether the candidate has exhibited behavior that indicates he is committed to the highest ethical standards and the values are adhered to.
 - b. 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 and immediate contribution to the Board's discussion and decision-making in an array of complex issues.
 - c. 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.
 - d. 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.
 - e. 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.
 - f. 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.



4.5 Independent Directors

- 4.5.1 The Board shall at all times be comprised of a majority of Directors who are independent of management and of all entities having a material business relationship with the Company (a "Non-Executive Director"). Accordingly, at least two members or one third of the members (whichever is higher) shall be independent Directors
- 4.5.2 A Non-Executive Director is generally considered as being independent of the management of a Company. Non-Executive Directors are usually also expected to be independent of any interest or relationship which could (or could be perceived to) interfere with the Director's ability to always act in the best interest of the Company. Moreover, Non-Executive Directors as such do not have a separate legal role to other Directors.
- 4.5.3 As independence of judgment in decision making is expected from all of the Company's Non-Executive Directors, the extent to which Non-Executive Directors meet the above definition of independence shall be reviewed regularly through the Company's conflict of interest and Director Evaluation processes.
- 4.5.4 To be independent, the Director may not accept any consulting, advisory, or other compensatory fee from the Company (excluding Directors' fees), or be an "affiliated person" of the Company or any of its subsidiaries. (**)

(**) An "affiliated person" is defined as any officer or employee or any other person who owns 5% or more of the voting securities of the Company or any of its subsidiaries.

4.6 Term for Directorship

- 4.6.1 In accordance with Article 66 of the Companies Regulations, the regular General Meeting shall appoint the Directors for the term specified in the Company's bylaws, which shall not exceed three years.
- 4.6.2 Accordingly members of the Board shall be elected for a three-year renewable term. An elected member of the Board may be re-elected upon the expiry of the term of office. Directors shall not have a limit on the number of terms served or a mandatory retirement age. The tenure of Directors shall be determined by the Board at its discretion upon the recommendations of the Nomination & Remuneration Committee of the Board.

4.7 Retirement from the Board

- 4.7.1 In accordance with Article 66 of the Companies Regulations, the Company's bylaws shall specify the matter of retirement of a Director; but the regular General Meeting may, at any time, remove all or any of the Directors even if

the Company bylaws provide otherwise, without prejudice to the right of a removed Director to hold the Company liable if the removal is made without acceptable justification or at an improper time.

4.8 Resignation

- 4.8.1 Resignation of a Director shall take effect from the time it is communicated to the Board, or any other agreed time.
- 4.8.2 Directors should offer their resignation in the event of any significant change in their personal responsibilities, including a change in their principal job responsibilities effectively on the Board or any of its committees. Directors are expected to offer their resignation at the time they retire or resign from the Company.

4.9 Termination

- 4.9.1 According to the Company's Bylaws (Article 20), Board membership is terminated either by end of tenure, resignation, or on sudden death of the member. Furthermore, termination of the Board of Directors shall take effect in case of the following:
- If it is proved to the Board of Directors that the member has breached its duties in a manner detrimental to the interests of the company, provided that is associated with the approval of the Ordinary General Assembly
 - Absence of any member for more than three consecutive meetings without an excuse that is acceptable to the Board of Directors
 - If any member applied for bankruptcy or insolvency or has applied for a settlement with its creditors or stops payment of its debts
 - If the member has affected by mental illness
 - If it is proved that the member had committed an act infringing on honesty and ethics, or convicted of fraud

4.10 Limits upon Board Membership

- 4.10.1 Each person serving as Director must devote the time and attention necessary to fulfill the obligations of a Director. Key obligations include appropriate attendance at the Board meeting and an adequate review of preparatory material. Directors are also expected to attend the General Meetings of the shareholders.
- 4.10.2 In addition, in accordance with the Article 68 of the Companies Regulations, a Director must own shares of the Company "whose value shall not be less than ten thousand riyals", within thirty days of the date of appointment of a Director and such shares shall be deposited in one of the banks designated by the Minister of Commerce. According to the CMA regulations "members

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

- 4.10.3 The Directors shall also be entitled to have the Company purchase reasonable Directors’ and officers’ insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by laws of the Company’s jurisdiction of incorporation and the Company’s organizational documents.



Board Operations



5. Board Operations

5.1 Separation of Chairman and the Company's President

5.1.1 The Chairman as the head of the Board shall play a central role in ensuring the effective governance of the Company and is responsible for the Board's effective function. The separation of the roles of the President and Chairman is a method of ensuring an appropriate balance of power, increasing accountability and increasing the capacity of the Board for independent decision making and therefore 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. Such function can obviously be weakened if the Chairman would simultaneously exercises the duties of the President of the Company.

5.2 Role of the Chairman

5.2.1 As per Company's Bylaws (Article 23), the Board of Directors may appoint, from its members, a Chairman who has all the Board's powers as set forth in the Bylaws Article – 21, and representing the Company in its relation with others, in front of the judiciaries, courts, legal committees, notary public and all official and non-official entities. The Chairman has also the right to defend and plead and sign the Articles of Association of the companies in which the Company participates and any other amendments and other contracts, obligations, documents transfer, accounts openings in banks, withdrawal and depositing, investing and accounts closing, liquidating the accounts, opening of securities credits and signing before the Notary Public and the official authorities as appointed by the Boards of Directors, and anything related to management of the Company and the achievement of its objectives, and anything the Board of Directors requires the Chairman to do. The Chairman has the right to authorize any member of the Board for all or some of the above-mentioned rights. The Board of Directors shall also appoint a secretary from among its members or others, who will be responsible for recording the Board meetings' minutes and preparing these meetings. The Board of Directors shall fix his remuneration in his appointment decision. The term of office of the Chairman and the secretary who is a Director shall not exceed the term of their respective directorships on the Board.

5.2.2 The Chairman of the Board should be responsible for leading the Board and ensuring that it successfully discharges its overall responsibility for the Company as a whole.

5.2.3 The Chairman should be expected to fulfill the following responsibilities:

- a. Ensure that the Board provides leadership and vision to the Company.

- b. Ensure that the Board is participating in establishing the aims, strategies and policies of the Company.
- c. Ensure that there is adequate monitoring of the pursuit and attainment of the goals and aims of the Company.
- d. Direct the Board discussions to effectively use time to address the critical issues facing the Company.
- e. Ensure that Directors are enabled and encouraged to play their due role in the meetings.
- f. Ensure that Directors have adequate opportunities to express their views.
- g. Ensure that Directors are provided with sufficient and timely information.
- h. Ensure that minutes properly reflect decisions and resolutions.
- i. Participate in the ongoing development of the Board as a whole and Directors individually through the Nomination & Remuneration.
- j. Monitor the Code of Corporate Governance.
- k. Call for the meeting of the Board as and when required.

5.2.4 The Chairman also has the responsibility to establish a healthy working relationship between the Board and the President. To facilitate this relationship it is expected that the Chairman shall:

- a. Be the major point of contact between the Board and the President.
- b. Be kept fully informed of key issues by the President on all matters, which may be of interest to Directors.
- c. Regularly review, with the President and such other Senior Management as the President recommends, progress on important initiatives and significant issues facing the Company.
- d. Provide mentoring for the President.
- e. Participate in the “President” evaluation process.
- f. Participate in, through the Nomination & Remuneration Committee, the annual process of the Board and Director Evaluation.

5.3 Directors Orientation & Continuing Education

- 5.3.1 The Nomination & Remuneration Committee of the Board shall provide an orientation program for new Directors which will include presentations by Senior Management on the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its operations, its Code of Conduct, its management structure, its key policies, practices, Executive Officers and its internal and external auditors. The orientation program shall also include visits to certain significant branches, to the extent practical. In addition each incoming Director shall be provided with an initial information pack which should include copies of Memorandum and Articles of Association, extracts from relevant policies, the Executive summary of the corporate plan and other appropriate information.
- 5.3.2 The Nomination & Remuneration Committee of the Board shall also make available continuing education programs for all members of the Board. All Directors should be expected to participate in the orientation and continuing education programs. The Chairman of the Board shall be responsible for providing an ongoing Director Education Program, under which all Directors shall periodically receive materials and/or briefing sessions on subjects that would assist them in discharging their duties. 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.



5.4 Role of President

- 5.4.1 Provide the required linkage between the Board of Directors and the Executive Management Team.
- 5.4.2 Provide the Board and the Chairman with adequate information to carry their responsibilities.
- 5.4.3 Assist the Board of Directors in establishing the Company's strategic direction to increase revenue and profitability.
- 5.4.4 Provide advice, guidance, direction, and authorization to the Executive Management Team to carry out major plans and procedures, consistent with established policies.
- 5.4.5 Develop, in coordination with the Executive Management Team, integrated strategic and business plans that optimize market share and profitability of existing or new businesses.
- 5.4.6 Conduct 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 (whether financial or non financial) as determined by the Board.
- 5.4.7 Review the operating results of the Company and joint ventures, compare them with the established objectives, and follow up to ensure appropriate measures are taken to correct any unsatisfactory results.
- 5.4.8 Establish and maintain an effective system of communications throughout the organization to ensure that the responsibilities, authorities, and accountabilities of all Executives are defined and understood.
- 5.4.9 Represent the Company with major customers, government entities, joint ventures partners, the financial community, and the public.
- 5.4.10 Engage in business development activities with high level customers and promote the Company's brand name and image.

5.5 Board Secretary

- 5.5.1 According to Company's Bylaws (Article 21), 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.
- 5.5.2 The Board Secretary performs several roles including:
 - a. Ensure that Board procedures are followed and regularly viewed.

- b. Follow up on Board's decisions, and report back to the Chairman and the Board on any difficulty encountered.
- c. Support the Chairman and Directors with information about their responsibilities
- d. Prepare and distribute draft Board meetings minutes.
- e. Ensure good information flow within the Board and between the Board and Executive Management.
- f. Performs any other role assigned to him by the Chairman of the Board.

5.5.3 The Board of Directors shall fix his remuneration in his appointment decision. The term of office of the secretary who is a Director shall not exceed the term of their respective directorships on the Board. The re-appointment and renewal of the Board's secretary is always permitted.

5.6 Board Meetings

5.6.1 The Board shall meet at least four (4) times per year at an invitation in writing from its Chairman (at least seven (7) days prior to the meeting's date). The Chairman must convene the Board if requested to do so by two (2) Directors. The meeting shall be held at the head office of the Company or any other place as determined by the Board. The Board of Directors may issue its decisions, if urgent, through individual votes by its members by means of telegram or fax, unless two (2) of its members request in writing that a Board meeting be held to discuss the voting, though the decision should be presented to the Board in its first subsequent meeting for its approval.

5.6.2 Day-to-day management of the Company is delegated to the President and through to the Senior Executive team. The Board retains the powers relating to general strategic and policy related issues, the Company's capital structure, declaration of dividend 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. Directors may not necessarily require meeting together in one place to make decisions. Meetings by video or telephone hook-ups or any other form of technology that is consent by the Directors are acceptable.

5.6.3 A Circular Resolution signed by at least two-thirds' majority of all Directors shall also be deemed to constitute a decision of the Directors as if it had been made at a duly constituted Board meeting. The Company Secretary should send notices of Board meetings to all Directors. Annual Reports should contain a statement of the number of Board meetings held during the reporting period at which a Director could attend, and the number of meetings which the Director did in fact attend. Absence from Board

meeting(s), shall not excuse Directors from their duties to the Company in relation to the matters considered and decided.

- 5.6.4 Non-Executive Directors shall meet privately in regular Executive sessions without management participation during these meetings. Non-Executive Directors are all those who are not Company Executive Officers, including such Directors who are not independent by virtue of materials relationship, former status or family membership, or for any other reason. The Non-Executive Directors shall designate one among them as the Director to lead the Executive sessions.
- 5.6.5 The Chairman of the Board presides 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 Board will mutually elect the Chairman to preside that specific meeting.

5.7 Board Material and Presentation

- 5.7.1 Information and data that is important to the Board's understanding of the business should be distributed in writing to the Board before the Board meets. Management should make every attempt to see that this material is as brief as possible while still providing the desired information. As a general rule, 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.
- 5.7.2 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, security analysts' reports, articles in various business publication, etc.

5.8 Attendance and Meeting

- 5.8.1 Directors are expected to attend the Company's General Meeting, Board meetings and meetings of committees and subcommittees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities including preparation prior to the meeting.
- 5.8.2 All Board members must attend at least half of all Board Meetings within a calendar year provided that the number of those present shall not be less than three, unless the company's by-laws provide for a larger proportion or number.
- 5.8.3 The Chairman and Vice Chairman of the Board may invite one or more members of Senior 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.

5.9 Board Quorum

- 5.9.1 A Board Meeting shall be valid only if attended by at least one half of the Directors, provided that the number of those present shall not be less than four (4), unless the Company's bylaws provide for a larger proportion or number. Further a Director may give proxy to any other Director to attend the Board Meeting on his behalf.
- 5.9.2 According to the Company's Bylaws (Article 11) paragraph (1,12) , a meeting of the Board shall be valid only if at least four (4) Directors are present. In a case where a member is represented by another member at a meeting, the representation is subject to the following:
- A Director should not represent more than one member at any one meeting.
 - The representative should be appointed in writing.
 - The representative may not vote on resolutions that the principal is prohibited by the Bylaws from voting on.

The decisions are made by the absolute majority of those Directors who are present or represented. In case of a tie, the vote of the Chairman shall prevail.

5.10 Minutes of Meetings

- 5.10.1 In accordance with Article 82 of Companies Regulations, the minutes of meeting should be prepared in detail and should cover discussions and debates including any voting and resolution that took place. These should be

signed by the Chairman and the secretary. Such minutes shall be entered in a special register, which shall be signed by the Chairman and the secretary.

5.10.2 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.

5.10.3 The minutes of Board Meeting, conducted using means of distance communications 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 must have his vote noted in the minutes.

5.11 Conduct of Meetings

5.11.1 The Chairman shall determine the degree of formality required at each Board Meeting while maintaining the decorum of such Board Meetings. In any event the following general rules shall apply:

- a. The Chairman will ensure that all members have understood the topics discussed during the meeting.
- b. The Chairman will also retain sufficient control to ensure that the authority of the Chair is recognized so that a degree of formality can be reintroduced when it is required to make progress.
- c. The Chairman will take care that the decisions are properly understood and well recorded.
- d. The Chairman will ensure that the decisions and debate are completed, with a reasonably formal resolution recording the conclusions reached.

5.12 Succession Planning / Management Development

5.12.1 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 President shall prepare an annual report on succession planning and management development to be presented to the Board.

- b. In addition, the Chairman's and the President's recommendation as to a successor, in case he gets unexpectedly disabled, should be available at all times.
- c. The Nomination & Remuneration and of the Board shall assist the Board in selecting, developing and evaluating potential candidates for Executive Officer positions, including that of the President, and oversee the development of Executive Officer succession plans.
- d. The President shall also have, in place, at all times a confidential written procedure for the timely and efficient transfer of his or her responsibilities in the event of his or her sudden incapacitation or departure, including his or her recommendations for longer term succession arrangements. The President shall review this procedure periodically with the Nomination & Remuneration Committee.
- e. The Nomination & Remuneration shall request recommendations and evaluations of the President with regard to potential successors for Senior Management positions.

5.13 Access to Management and Independent Advisors

- 5.13.1 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 outside counsel, auditors or consultants.
- 5.13.2 The Board may require any Executive Officer or employee of the Company or any of its subsidiaries, the Company's outside 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 and that any written contact be copied to the President.

5.14 Board Evaluation

- 5.14.1 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.

5.15 Evaluation of the President

- 5.15.1 The Board shall evaluate the President on his performance against objectives as established by the Board (including business results, achievement of strategy and other).
- 5.15.2 The President's evaluation criteria shall be aligned with the long-term interest of shareholders.
- 5.15.3 The President's shall be evaluated against a comparable peer group and significant portion of the President's total compensation should be based on performance.

5.16 Relations with Shareholders

- 5.16.1 The Board shall develop, oversee and participate in a fair shareholders relation program.
- 5.16.2 The Board shall treat all shareholders equally in terms of access to information.
- 5.16.3 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.
- 5.16.4 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.
- 5.16.5 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.
- 5.16.6 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.
- 5.16.7 Information about the Company including interim and full year financial results and other major announcements will also be published on the Company's website.

5.17 Board Committees

- 5.17.1 The Board should establish the following committees to assist it in discharging its oversight responsibilities:
- Audit Committee
 - Nomination & Remuneration Committee
 - Executive Committee
- 5.17.2 The formation of committees subordinate to the Board of Directors shall be according to general procedures laid down by the Board, indicating the duties, the duration and the powers of each committee, and the manner in which the Board monitors its activities. The committee shall notify the Board of its activities, findings or decisions with complete transparency. The Board shall periodically pursue the activities of such committees so as to ensure that the activities entrusted to those committees are duly performed. The Board shall approve the by-laws of all committees of the Board.
- 5.17.3 A sufficient number of the Non-Executive members of the Board of Directors shall be appointed in committees that are concerned with activities that might involve a conflict of interest, such as ensuring the integrity of the financial and non-financial reports, reviewing the deals concluded by related parties, nomination to membership of the Board, appointment of Executive Directors, and determination of remuneration.
- 5.17.4 Other committees may be established from time to time by an affirmative vote of the majority of the Board.
- 5.17.5 The purpose and responsibilities of each committee are described in their respective committee charter.
- 5.17.6 Members of the committees shall be appointed by the Board upon the recommendation of the Nomination & Remuneration Committee and may be removed by the Board at its discretion.
- 5.17.7 Members of the committees shall meet the independence, experience and other requirements to the extent required under the applicable laws, rules and regulations.
- 5.17.8 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.



Audit Committee

6. Audit Committee Charter

6.1 Purpose

- 6.1.1 The Board of Directors being the governing body of the Company has to ensure that the Company's management maintains adequate policies and internal controls for:
- Safeguarding the Company's assets;
 - Properly recording the transactions and events as they take place;
 - Preparing reliable financial information;
 - Oversee and monitor the enterprise-wide risks for managing the Company's operations
- 6.1.2 The above aspects must be independently and periodically viewed by the Company's external as well as Internal Auditors.
- 6.1.3 To further strengthen this function and to ensure its objectivity and independence, the Board will establish an Audit Committee (the "Audit"). The primary purpose of Audit Committee is to monitor the following Company's affairs on behalf of the Board:
- Adequacy and soundness of internal control systems, financial accounting and reporting policies and practices, and effectiveness of internal and external audit functions.
 - Adherence to applicable legal and regulatory requirements and Company's approved policies and procedures.
 - Adequacy and soundness of policies and procedures in respect of the safety and security of the Company's assets, resources and integrity of the Company's financial statements.
 - Performance of the Company's internal and external audit function and their independence.
 - Establish and oversee a framework for the identification, management and review of risks, including agreeing risk capacity and tolerance. Also the identification of the principal risks of the Company's business and ensuring implementation of appropriate systems to manage those risks.
 - Contribute to the review and evaluation of strategic risks and receive regular reports on these and emerging risks.
 - Ensure that a positive culture of managing opportunities, threats and uncertainties is embedded throughout the Company.
 - Audit Committee is also responsible for preparing and publishing an annual committee report and such other reports to the extent required under the applicable laws, rules and regulations.

- 6.1.4 It should be emphasized that Audit Committee duty is to assist the Board in its monitoring role and that this in no way mitigates the Board's ultimate responsibilities towards shareholders.

6.2 Audit Committee Responsibilities

The Audit Committee will be undertaking the following responsibilities:

6.2.1 Internal Control and Accounting Policies:

- a. Review with the Company's management and internal & external auditors the Company's general policies and procedures to reasonably assure the adequacy of accounting principles and financial practices applied by the Company.
- b. Consider the effectiveness of the Company's internal control system, including information technology security and control.
- c. Understand the scope of internal and external auditors' review of internal control over financial reporting, and review reports on significant findings and recommendations, together with management's responses.
- d. Review and comment on significant new or changes to existing policies and procedures adopted by the management.

6.2.2 External Audit and Financial Statements:

- a. On annual basis the Audit Committee shall recommend to the Board names of one or more external auditors.
- b. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- c. 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.
- d. Oversee the arrangements for the completion of the year end audited financial statements. Review together with the external auditor the audit plan (proposed audit scope and approach), including coordination of the audit effort with the Internal Audit function.
- e. Review with the external auditor the audited financial statements covering the audit approach, accounting adjustments, recommendations for improving the internal controls and any other significant audit findings.
- f. Examination of the adopted accounting policies, providing, opinion and recommendations to the Board.
- g. Annually review and evaluate the external auditor's qualifications, performance and independence, 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.

- h. Review the terms of reference and remuneration for any special audit / consultancy assignment to be performed by the external auditors.
- i. On a regular basis, meet with the external auditors to discuss any matters that Audit Committee or auditors believe that it should be discussed privately.
- j. Review the external auditor's comments on the financial statements and follow up the actions taken about them.
- k. Review the interim and annual financial statements prior to presentation to the Board of Directors; and to give an opinion and recommendations with respect thereto.
- l. Review with management and the independent external auditor the effect of regulatory and accounting initiatives on the Company's financial statements.
- m. 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, the performance and independence of the Company's external auditor.

6.2.3 Internal Audit:

- a. Ensure that the Company maintains an Internal Audit function to provide management and the Audit Committee with ongoing assessments of the Company's risk management processes and system of internal controls.
- b. Approve the annual compensation, performance appraisal and salary adjustment of Head of Internal Audit in line with the Company's compensation and benefits policy.
- c. Recommend to the Chairman of the Board the appointment and dismissal of the Internal Auditor.
- d. Oversee the Internal Audit function and review its charter, scope, efficiency, independence, objectivity, performance and work plan. Review with the Internal Auditor the results of the Internal Audit efforts on a quarterly basis, or as deemed necessary, and peruse periodical and annual Internal Audit reports.
- e. Review the summary of all Internal Audit reports, including management replies and the exceptions noted and pursue the implementation of the corrective measures in respect of the comments included in the Internal Audit report.

- f. Supervise the Company's Internal Audit function to ensure its effectiveness in executing the activities and duties specified by the Board of Directors.
- g. Have the final authority to review and approve the annual audit plan and all major changes to the plan.
- h. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Auditor.
- i. At least once per year, review the performance of the Internal Auditor and concur with the annual compensation and salary adjustment, if required.
- j. 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.
- k. On a regular basis, meet separately with the Internal Auditor to discuss any matters that Audit Committee or Internal Audit believes should be discussed privately.

6.2.4 Compliance:

- a. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including any disciplinary action) of any instances of noncompliance.
- b. Review the findings of any examinations by regulatory agencies, and any auditor observations.
- c. Review the process for communicating the code of conduct to Company personnel, and for monitoring compliance therewith.
- d. Obtain regular updates from management and the Company's legal counsel regarding compliance matters.
- e. Duty of Audit Committee is to periodically report to the Board.

6.2.5 Risk Management

- a. Oversee and enhance the Company's risk management framework.
- b. Identify and monitor the Company's key risks and evaluating their management and align the Risk Management activities with the overall corporate objectives and policies.
- c. Ensure that risks are taken within prudent boundaries, taking into account the business objectives, size of the Company, work load, ratios and its perspective short / long term.
- d. Ensure that written policies and procedures are developed and maintained for the identification, measurement, monitoring and control of all key risks associated with Company's operations and objectives.
- e. Approve risk management policies and procedures that establish the appropriate approval levels for decisions and other checks, balances, limits

to manage risk and define risk reporting requirements from a management perspective.

- f. Receiving results of the annual review of the implementation of risk management policies and procedures in the Company from the Internal Auditor, and making recommendations for change where there appear to be issues with inadequate management or problems with the risk measurement methodologies.
- g. Provide management oversight of all prudential reviews and to follow up on any required management actions by relevant business areas. Ensuring a forum for "big-picture" analysis of future risks is included considering trends.
- h. Assessing critically, the Company's business strategies and plans from a risk perspective.
- i. Discuss policies with respect to risk assessment and risk management, including the Company's major financial risk exposure and the steps taken by the Company's management to monitor and control such exposure.
- j. Review key risk assessment activities on a periodic basis.
- k. Review of any legal claims on the Company.
- l. Review of the Company's Business Continuity Plan (BCP).

6.2.6 Information Technology Systems Controls

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

- a. The effectiveness of, or weaknesses in, the Company's computerized information system controls and security.
- b. 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 to correct weaknesses in systems controls, including any significant risks related thereto and major controls over such activities.
- c. The status and adequacy of management information systems and other information technology.
- d. The Committee shall review with the Internal Auditor and the External Auditors the coordination of the audit effort to ensure complete coverage of key system controls and risk areas related to IT controls.

6.2.7 Reporting Responsibilities:

- a. Report regularly to the Board about Audit Committee activities, issues and related recommendations.
- b. Provide an open avenue of communication between Internal Auditor, the external auditors, and the Board.

- c. Report annually to the Board, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- d. Review any other reports the Company issues that relate to committee responsibilities.

6.2.8 Other Responsibilities:

- a. Perform other activities related to this activity as requested by the Board.
- b. Follow up on allegations of material, financial, ethical or legal irregularities; look into serious violations of the Company's policies, alleged breach of legal provisions or contravention of code of ethics, which are highlighted by the Internal Auditor or any other staff member.
- c. Institute, 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.
- d. Review all significant issues within the scope of the Committee charter, including any changes in accounting principles, with the management and the external auditors, prior to any decision being reached on reporting practices to be followed by the Company, and report thereon to the Board.
- e. Review and assess the adequacy of Audit Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- f. Review with the management the status of Zakat/tax returns and tax issues.
- g. Review the Company's quarterly and annual financial statements, including the impact of any unusual items.
- h. Confirm annually that all responsibilities outlined in this charter have been carried out.
- i. Evaluate Audit Committee's and individual members' performance on a regular basis.
- j. Audit Committee shall have the authority to engage independent counsel and other advisors, as it deems necessary to carry out its duties.
- k. 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 confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- l. 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.

6.3 The Audit Committee Structure

- 6.3.1 The Audit Committee shall be comprised of not less than three (3) Non-Executive members of the Board to be appointed by the Board. The committee must also include a finance and accounting specialist.
- 6.3.2 Members of the Audit Committee shall be appointed by the Board upon the recommendation of the Nomination & Remuneration Committee and may be removed by the Board at its discretion.
- 6.3.3 Shareholders' General Assembly shall, upon a recommendation of the Board of Directors, issue rules for appointing the chairman and the members of the Audit Committee and define the term of their office and the procedure to be followed by the Committee.
- 6.3.4 The Audit Committee term of office shall be for a period not to exceed the office of the Board. The membership of a 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 membership. 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.
- 6.3.5 One of the members shall serve as the Chairperson of the Committee. The Chairperson of the Audit Committee shall be designated by the Board or, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
- 6.3.6 A member should not undertake any technical or administrative work in the Company even by way of consultancy.
- 6.3.7 A member shall not have any interest, direct or indirect at work or contracts for the Company.
- 6.3.8 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 and he can be from outside the Board of Directors. If the secretary is not a Committee member, he will attend the Committee meetings without having any voting rights.
- 6.3.9 The secretary is responsible for the following:
- 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
 - circulating the Committee resolutions to the concerned parties
 - coordinating with concerned departments regarding Committee resolution that necessitate legal compliance and regulatory procedures

- d. establishing a mechanism for tracking and following-up the Committee resolutions
- e. executes any other tasks or responsibilities assigned to him by the Committee's Chairman or any of its members.

6.4 Responsibilities of the Audit Committee Members

- 6.4.1 The Members shall 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.
- 6.4.2 The members shall maintain 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 can be held responsible for the financial damages caused.
- 6.4.3 The members of the Audit Committee shall not execute any executive job in the Company even by way of consultancy.
- 6.4.4 The members shall carry on good performance in executing their duties and responsibilities, and shall be updated in their domain in the interests of the Company.
- 6.4.5 The members shall be honest, truthful, objective and independent in performing their work.
- 6.4.6 The members shall not participate in any occupations that can violate the Code of Conduct of the Company or its principles.
- 6.4.7 The members 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.
- 6.4.8 The members 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.

6.5 Audit Committee Operations

- 6.5.1 The Committee will approve its yearly meeting schedule at the first meeting of each year. At the end of each meeting, the attendees appoint the time for next meeting. The presence of the majority of members of the Committee shall constitute a quorum. Each member of the Audit Committee shall have one vote. The Chairman of the Committee shall have a casting vote in case of an equality of votes.
- 6.5.2 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.

- 6.5.3 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.
- 6.5.4 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.
- 6.5.5 The Chairperson shall preside, when present, at all meetings of the Committee. The decisions and recommendations of the Audit Committee shall be recorded in a separate minute book maintained for this purpose and signed by the Committee's Chairman and the Secretary of the meeting.
- 6.5.6 Attendance at the Audit Committee meetings shall be in person and no proxies shall be acceptable.
- 6.5.7 The Audit Committee shall meet at such times as shall be determined by its Chairperson, or upon the request of any two of its members.
- 6.5.8 The Audit Committee resolutions shall be taken by majority of votes.
- 6.5.9 The Audit Committee shall submit a summary report to the Board containing its significant observations and recommendations on the matters considered in the Audit Committee meetings.
- 6.5.10 The Audit Committee shall meet at the invitation of its Chairman or any three members. Such an invitation to be accompanied by the agenda for the meeting and shall be hand delivered or sent to the members electronically or in any other manner at least four (4) days before the date of the meeting, unless waived by mutual consent of all the members. In absence of the Chairman, the Committee will mutually elect the Chairman to preside that specific meeting.
- 6.5.11 Any Director of the Company, not Audit Committee member, may attend, as an observer, any of the Committee's session unless the Audit Committee happens to be in Executive/Private session.
- 6.5.12 The management's representatives may be invited to attend any or all the Audit Committee meetings. Invitations to such Executives shall be coordinated by the Audit Committee Secretary under the directions of the Committee's Chairman.
- 6.5.13 In case of emergencies or situation beyond the Committee's control and where the Audit Committee cannot be convened, the Audit Committee can take its decisions via circulation.

- 6.5.14 The Audit Committee shall keep a record of its meetings and report on them to the Board.
- 6.5.15 In discharging its oversight role, the Audit 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 outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company, shall pay. The Audit Committee may require any Executive officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Audit Committee or any member of the Committee.
- 6.5.16 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.
- 6.5.17 The Committee's meetings will be documented as follows:
- 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.
 - 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.
 - The Committee's Secretary amends the draft minutes based on the members' comments and sends it attached with these comments to the Chairman.
 - 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.
 - The signed copy of the minutes shall be kept attached with its related documents and correspondence in a special file.

6.6 Remuneration of the Committee

- 6.6.1 Each member of the Committee is entitled to the below compensation:
- An attendance payment for each meeting attended by the Committee member and
 - Annual compensation
- 6.6.2 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, customary and acceptable expenses as per the business norms for items such travel, meal, accommodations and other expenses specifically incurred for business purposes.
- 6.6.3 Board of Directors reports presented to the General Assembly will disclose the remunerations and other payments made to the Committee members.

6.7 Authority

- 6.7.1 The Audit Committee's role shall be to review and advise but not to make any business decisions. The Audit Committee shall demonstrate a constructive, supportive and advisory approach.
- 6.7.2 To achieve its objectives the Audit Committee is authorized to:
- 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.
 - Call on the External Auditors and seek information and clarifications regarding the audit affairs of the Company. It has unrestricted access to the Company's management and staff at all levels and authority to seek reports or information about the Company's financial affairs, as it deems necessary to fulfill its responsibilities.
 - Communicate its findings and recommendations for any corrective actions to the Board and shall not issue any directives to the Company's management in this regard. The Board shall either accept and implement the recommendations of the Audit Committee or advise the Audit Committee of the reasons for any deviations from the proposal of the Audit Committee.



Nomination & Remuneration Committee Charter



7. Nomination & Remuneration Committee Charter

Shareholders' General Assembly shall, upon a recommendation of the Board of Directors, issue rules for the appointment of the members of Nomination & Remuneration Committee, their remunerations, and terms of office and the procedure to be followed by such committee.

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 Director Compensation for approval at the General Meeting. The Committee shall conduct an annual review of Director's compensation.

7.1 Purpose

7.1.1 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:

- a. Identifying individuals qualified to become Board members and recommending to the Board the Director nominees for the next annual Shareholders' General Assembly Meeting.
- b. Recommending to the Board the Director nominees for each committee of the Board.
- c. Overseeing the evaluation of the Board and Executive officers.
- d. Overseeing all matters relating to Director and Executive officer compensation.
- e. Review Board succession plans
- f. Evaluate the Board's performance:
 - Executive remuneration and incentive policies
 - Remuneration packages of senior management
 - Recruitment, retention, and termination policies for senior management;
 - Incentive schemes
 - Superannuation arrangements; and
 - The remuneration framework for directors.

7.1.2 In performing its duties, the Nomination and Remuneration Committee shall have direct access to the resources of the company as it may reasonably require and shall seek to maintain effective working relationships with management.



7.2 The Committee Responsibilities

7.2.1 The following functions shall be the common recurring activities of the Committee in carrying out its function. These functions are established as a guide with the understanding that the Company may diverge from this guide as appropriate given the circumstances.

7.2.2 Nominating Responsibilities:

- a. The Committee shall assist the Board in identifying individuals qualified to become Board members and to recommend to the Board the nominees to stand for election as Directors at the annual Shareholders' General Assembly Meeting. The Committee may consider individuals proposed by shareholders and management at its discretion.
- b. Annual review of the requirement of suitable skills for membership of the Board of Directors and the preparation of a description of the required capabilities and qualifications for such membership, including, inter alia, the time that a Board member should reserve for the activities of the Board.
- c. The Committee shall review the composition of each committee of the Board and recommend to the Board for its approval Directors to serve as members of each committee.
- d. The Committee shall assist the Board in selecting, developing and evaluating potential candidates for Executive officer positions, including the President, and oversee the development of Executive officer succession plans.
- e. The Committee shall maintain an orientation program for new Directors.
- f. The Committee shall develop and recommend to the Board for its approval an annual self-evaluation process for the Board and shall oversee the annual self-evaluation of the Board.
- g. 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.
- h. Regularly review the structure, size and compensation; including skills, knowledge and experience required; of the Board of Directors and recommend changes.
- i. Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the Company's interest.
- j. 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.

7.2.3 The Remuneration Responsibilities:

- a. Draw clear policies regarding the indemnities and remunerations of the Board members and top Executives (President, Vice President, Chief Financial

- Officer and Chief Operating Officer); in laying down such policies, the standards related to performance shall be followed.
- b. The Committee shall have the direct responsibility to recommend the form and amount of Director Compensation. 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.
 - c. The Committee shall review and recommend to the Board the compensation level for Executive officers, including the President, as well as review and recommend the employee compensation plan.
 - d. 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 and other retention terms and to cause the Company to pay such related fees.
 - e. Recommend to the Board of Directors 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.
 - f. The Committee shall perform such other activities as the Board may assign to the Committee from time to time.
 - g. The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
 - h. In accordance with Article 74 of the Companies Regulations and in accordance to the Company's Bylaws (Article 20), the Company's bylaws shall specify the manner of remunerating Directors. Such remuneration may consist of specified salary, or of a certain percentage of the profit, or of a combination of two or more of these benefits. If, however, such remuneration represents a certain percentage of the Company's profit, it must not exceed 10% of the net profits after deduction of expenses, depreciation, and such reserves as determined by the General Meeting pursuant to the provision of this Act or of the Company's bylaws, and after distribution of dividend of not less than 5% of the Company's capital to the shareholders. Any determination of remuneration made in violation of this provision shall be null and void. Moreover, such remuneration shall not exceed also SR 200,000 per annum for each Director as per the Ministerial Resolution No.1071 dated 2/11/1412H.
 - i. The Board of Directors' report to the regular General Meeting must include a comprehensive statement of all the amounts received by Directors during the financial year in the way of emoluments, shares in the profits, attendance fees, expense, and other benefits, as well as of all the amounts received by the Director in their capacity as officers or Executives of the Company, or in consideration of technical, administrative or advisory services.
 - j. Directors who are employees of the Company shall not receive any compensation for their services as Directors. Directors who are not employees of the Company cannot enter into any consulting arrangements with the Company without the prior approval of the Board. Directors who serve on the Audit Committee shall not directly or indirectly provide or receive

compensation for providing accounting, consulting, legal, investment or financial advisory services to the Company. Further, the Company shall not contribute to charitable organizations with which a Director is affiliated.

- k. The Nomination & Remuneration Committee shall be responsible for evaluation and recommending compensation level for Executive Officers, including the President. The Committee shall present a compensation report to the Board annually for its approval.

7.3 Committee Structure

- 7.3.1 The Committee shall be comprised of not less than three (3) members of the Board.
- 7.3.2 Members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion.
- 7.3.3 One of the members shall serve as the Chairperson of the Committee. The Chairman of the Committee shall be designated by the Board or, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
- 7.3.4 The Nomination & Remuneration Committee term of office shall be for a period not to exceed the office of the Board. The membership of Nomination & Remuneration 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 Nomination & Remuneration Committee membership. 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 Nomination & Remuneration Committee member from the membership by a majority vote

7.4 Committee Operations

- 7.4.1 The Committee shall meet at such times as shall be determined by its Chairperson, or upon the request of any two of its members.
- 7.4.2 The Committee shall meet at least twice (2) a year to regularly review the structure, size and compensation; including skills, knowledge and experience required.
- 7.4.3 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.
- 7.4.4 The agenda of each meeting shall be prepared by the Chairman and whenever reasonably possible, circulated to each member prior to the meeting date. The Committee shall meet at the invitation of its Chairman or any two members. Such an invitation to be accompanied by the agenda for



the meeting and shall be hand delivered or sent to the members electronically or in any other manner at least fifteen (15) days before the date of the meeting, unless waived by mutual consent of all the members. In absence of the Chairman, the Committee will mutually elect the Chairman to preside that specific meeting.

7.4.5 The Chairperson shall preside, when present, at all meetings of the Committee.

7.4.6 A majority of the members of the Committee shall constitute a quorum. Each member of the Committee shall have one vote. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. In case of a tie, the Chairman has the casting vote.

7.4.7 The Committee shall keep a record of its meetings and report on them to the Board.

7.4.8 The Committee's meetings will be documented as follows:

- a. 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.
- b. The draft minutes shall be prepared by the Committee's Secretary within seven 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.
- c. The Committee's Secretary amends the draft minutes based on the members' comments and sends it attached with these comments to the Chairman.
- d. 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.
- e. The signed copy of the minutes shall be kept attached with its related documents and correspondence in a special file



- 7.4.9 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 outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company, shall pay. The Committee may require any Executive officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.
- 7.4.10 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.

7.5 Remuneration of the Committee

- 7.5.1 Each member of the Committee is entitled to the below compensation:
- An attendance payment for each meeting attended by the Committee member and
 - Annual compensation
- 7.5.2 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, customary and acceptable expenses as per the business norms for items such travel, meal, accommodations and other expenses specifically incurred for business purposes.
- 7.5.3 Board of Directors reports presented to the General Assembly will disclose the remunerations and other payments made to the Committee members.



The Executive Committee Charter

8. The Executive Committee Charter

8.1 Purpose

- 8.1.1 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.

8.2 The Committee Responsibilities

- 8.2.1 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.
- a. 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.
 - b. The Committee shall assist the Board in the development of the Company's major strategic goals and investment strategies. The Board shall approve.
 - c. The committee shall facilitate Board in defining and setting the vision and mission for the Company.
 - d. The committee shall set the business plan based on the Company's vision and mission and facilitate Board in defining the direction of the business.
 - e. The committee shall facilitate Board in setting the key strategic aims and strategic objectives and outcomes required for the Company.
 - f. 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.
 - g. The Committee shall review and approve all major investment decisions, in line with the Company's approved strategies.
 - h. The Committee shall be responsible for the formation or restructuring of any joint venture or partnership including any associated expenditure.
 - i. The committee shall develop the Company's portfolio as to increase the market share and maximizing owners/shareholders profit.
 - j. The committee shall enhance and upgrade the Company's technologies and technical support.
 - k. The committee shall be responsible to manage vendor relationship with some of the key suppliers.
 - l. 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.



- m. The committee shall monitor the overall employee development by ensuring that regular training and general skills development are been provided.
- n. The committee should explore means to carryout business in a very cost-effective and efficient manner as to meet the customer expectation and their satisfaction.
- o. The committee should ensure that there is a proper coordination and communication between the senior executive and departmental head managers.
- p. The committee should carryout succession planning on a periodic basis as to assess the staff needs based on the business requirements.The Committee should monitor the performance of the President and Executive management with regard to the implementation of the business plan set by the board.
- q. The Committee shall review the capability of the business partner involved in projects undertaken by the Company, if any.
- r. Defining investment strategy and investment policies (subject to approval of the Board) and guidelines, including policies and guidelines regarding asset classes, asset allocation ranges, prohibited investments and valuation.
- s. Review proposed new investments and to monitor that the investments made are in compliance with the investment policies and procedures
- t. Consider whether a proposed investment is a related party transaction and requires special attention, review and approval by the Board
- u. Review and approve periodically any investment benchmarks or other measurement devices employed by the Company to monitor the performance of its investment
- v. Review the Zakat/taxation treatment and zakat/taxation compliance issues associated with these investment transaction
- w. Review the accounting and disclosure treatment of each investment transaction as to ascertain that these are fairly presented as per the generally accepted accounting standard
- x. Monitor on an ongoing basis the performance of the Company's investment advisers and retain and terminate such advisers as it deems appropriate
- y. 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 that the management is following the investment policies
 - Review buying and selling decisions
- z. Perform such other responsibilities regarding the Company's investment activities or policies or other matters as the Board may from time to time assign the Committee
- aa. The Committee may conduct inquiry or studies of the internal issues in the Company, according to the scope and responsibilities of the Committee. The Committee may appoint an independent legal counsel or other advisors as it

deems necessary to improve the Committees performance at the Company's expenses. The Chairman of the Executive Committee, after discussion with the Committee members may retain or terminate any consultant appointed by the Committee to help the Company in achieving its responsibilities. He has also the authority to approve the fees or carry other compensation or other conditions to keep it, and these fees will be compensated by the Company.

bb. The Committee shall have the powers and authority of the Board in performing and approving activities empowered to it by the Board except the following:

- Approving the annual budget;
- Approving the periodic and annual financial reports.
- Approving the Company's business strategies.

cc. The Committee shall perform such other activities as the Board may assign to the Committee from time to time.

8.3 The Committee Structure

- 8.3.1 The Committee shall be comprised minimum of 3 members of the Board.
- 8.3.2 Members of the Committee shall be appointed by the Board of Directors, and may be removed by the Board at its discretion.
- 8.3.3 One of the members shall serve as the Chairperson of the Committee.
- 8.3.4 The Committee term of office shall be for a period not to exceed the 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.

8.4 The Committee Operations

- 8.4.1 The Committee shall meet at least four times per annum and at such times as the Chairman of the Committee shall require. The interval between two meetings shall not exceed four months.
- 8.4.2 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.
- 8.4.3 The agenda of each meeting shall be prepared by the Chairperson of the Committee and whenever reasonably possible, circulated to each member prior to the meeting date.



- 8.4.4 The Chairperson shall preside, when present, at all meetings of the Committee.
- 8.4.5 A majority of the members of the Committee shall constitute a quorum. Each member of the Committee shall have one vote. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. In case of a tie, the Chairperson's vote shall be the tie breaker.
- 8.4.6 The Committee shall keep a record of its meetings and report on them to the Board. The Committee may meet by telephone or video conference and may take action by unanimous written consent.
- 8.4.7 In discharging its duties, 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 outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company shall pay. The Committee may require any executive officer or employee of the Company or any of its branches, the Company's outside legal counsel, and the Company's external auditors to meet with the Committee or any member of the Committee.
- 8.4.8 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.



Code of Conduct and Ethics

9. Code of Conduct and Ethics

9.1 Purpose

- 9.1.1 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.
- 9.1.2 This Code is intended to focus the Board of Directors (the “Board”) and management on areas of ethical risk, provide guidance to personnel 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.
- 9.1.3 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 exercise independent professional judgment and to deter wrongdoing in the conduct of all duties and responsibilities on behalf of the Company.

9.2 Conflicts of Interest

- 9.2.1 Directors shall not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the Company, except with an authorization from the Shareholders’ General Assembly Meeting, to be renewed annually. Transactions made by way of public bidding shall, however, be excluded from this restraint if the Director has submitted the best offer.
- 9.2.2 The Director must declare to the Board any personal interest he may have in the transactions of contracts made for the account of the Company. Such declaration must be recorded in the minutes of the Board meeting, and the interested Director shall not participate in voting on the resolution to be adopted in this regard neither in the Board of Directors nor in the General Assembly.
- 9.2.3 The Chairman of the Board shall communicate to the Shareholders’ General Assembly Meeting which it convenes the transactions and contracts in which any Director has a personal interest. Such communication shall be accompanied by a special report from the Independent auditor.
- 9.2.4 A Director may not, without authorization from the Shareholders’ General Assembly, to be renewed annually, participate in any business that is competitive with that of the Company, or engage in any of the commercial activities carried on by the Company; Otherwise, the Company shall have the right either to claim damages from him or to consider the operations he has



conducted for his own account as having been conducted for the account of the Company.

9.2.5 Directors may not disclose to the shareholders outside the Shareholder General Assembly Meeting, or to third parties, such secrets of the Company as may have come to their knowledge by reason of their Directorship; otherwise, they must be removed and held liable for damages.

9.2.6 The Company shall not grant cash loan whatsoever to any of its Board members or render guarantee in respect of any loan entered into by a Board member with third parties, excluding banks and other fiduciary companies.

9.3 Corporate Opportunities

9.3.1 Directors, Executive officers and employees are prohibited from the following:

- a. Taking for themselves personally opportunities that are discovered through the use of corporate property, information or position;
- b. Using corporate property, information or position for personal gain or to compete with the Company.

9.4 Confidential Information

9.4.1 Directors, Executive officers and employees should maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. "Confidential information" includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

9.5 Fair Dealing

9.5.1 Directors, Executive officers and employees should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. None should take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

9.6 Protection and Proper Use of Company Assets

9.6.1 Directors, Executive officers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability.

9.6.2 All Company assets should be used for legitimate business purposes.



9.7 Record Keeping and Reporting

- 9.7.1 Directors, Executive officers and employees should accurately reflect the transactions of the Company in its books, records, accounts and reports and should maintain an adequate system of internal controls and disclosure controls to promote compliance with the laws, rules and regulations applicable to the Company.
- 9.7.2 Falsification of any of the Company's record is prohibited. All reports, documents or communications authorized or legally mandated for disclosure to the public should be full, fair, accurate, timely and understandable.

9.8 Communication

- 9.8.1 The Company has a clear communications policy with its shareholders, employees and other stakeholders. The Company is committed to open, transparent, impartial and timely information.

9.9 Compliance with Laws, Rules and Regulations

- 9.9.1 Directors, Executive officers and employees should comply with the laws, rules and regulations applicable to the Company.

9.10 Reporting of Illegal or Unethical Behavior

- 9.10.1 Directors, Executive officers and employees should promote ethical behavior and should encourage employees to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation.
- 9.10.2 Directors, Executive officers and employees should report violations of laws, rules, regulations or this Code to the Managing Director. Violations will be investigated and action will be taken by the appropriate personnel or the Board as necessary.
- 9.10.3 The Company will not allow retaliation for reports made in good faith.

9.11 Insider Trading

- 9.11.1 The Directors and Executive officers of the Company and their associates may not deal in any securities of the Company during the following periods:
- During the 15 days preceding the end of the financial quarter and until the date of the announcement and publication of the interim results of the Company.
 - During the 30 days preceding the end of the financial year and until the date of the preliminary announcement of the Company's annual results or until the



final announcement of the Company's annual results, whichever is shorter.

9.12 Sustainable Environmental Protection

9.12.1 Directors, Executive officers and employees, should strive to preserve the environment for future generations by striking a balance between economic growth and continuously improving environmental performance and social responsibility.

9.13 Corporate Social Responsibility

9.13.1 Directors, Executive officers and employees, should pursue a clear policy dealing with employment practices, occupational health and safety, community involvement as well as customer and supplier relations.

9.14 Gifts and Donations

9.14.1 Directors, Executive officers and employees are prohibited from offering, soliciting or accepting gifts and donations related to the Company's business. However, entertainment and gifts of insignificant monetary value arising out of ordinary corporate hospitality are acceptable.

9.14.2 Donations for political or social purposes are permitted only within the limits of local laws and in complete transparency.

9.15 Amendments and Waivers

9.15.1 Any amendments to or waiver of this Code shall be made only by the Board upon the recommendation of the Board Committee. If an amendment to or waiver of this Code is made or granted, appropriate disclosure will be made as required by applicable laws, rules and regulations.

9.16 Responsibility

- 9.16.1 Each Director, Executive officer or employee is responsible to know the relevant laws and regulations including this Code of Conduct and Ethics.
- 9.16.2 In all business situations where the requirements of the law or this Code of Conduct and Ethics appear incomplete or unclear, each Director, Executive officer or employee shall use good judgment and common sense, and if needed, seek advice from the Company's management, or legal counsel or corporate governance and compliance officer.
- 9.16.3 All Directors, Executive officers and employee are expected to adhere to this Code of Conduct and Ethics in both the letter and spirit. Violations against this Code will not be tolerated.
- 9.16.4 Non-Compliance may be subject to disciplinary sanctions including termination of employment.



Disclosure

10. Disclosures

10.1 Purpose

- 10.1.1 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, fair, accurate, timely and understandable.
- 10.1.2 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 information to the Exchange as a whole.
- 10.1.3 The Company shall carry out the following disclosure or notification requirements.

10.2 Disclosure Regarding Major Developments

- 10.2.1 The Company shall notify the Capital Market Authority and the public without delay of any major 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:
- Lead to substantial movements in the price of the listed securities.
 - In the case of the Company have debt instruments listed, lead to substantial movement in the price of its listed securities, or significantly affect its ability to meet its commitments.
- 10.2.2 The major developments referred above which the Company shall disclose include, but are not limited to, the following:
- The purchase of a long term asset, at a price equal to or greater than 10% of the existing net assets of the Company.
 - Any debt outside the ordinary course of business, in an amount equal to or greater than 10% of the book value of the Company's net assets.
 - Any losses, equal to or greater than 10% of the book value of the Company's net assets.
 - Any significant change in the Company's production environment or trade including but not limited to the availability of resources and the possibility of obtaining them.
 - Any changes in the composition of the Directors or Executive officers of the Company.
 - Any significant legal proceedings (where the amount involved is equal to or

greater than 5% of the book value of the existing net assets of the Company).

- g. The increase or decrease in the net assets of the Company equal to or greater than 10%.
- h. The increase or decrease in the gross sales of the Company equal to or greater than 10%.
- i. Any transaction between the Company and a connected person (outside the ordinary course of business of the Company).

10.2.3 Based on the decision of the Capital Market Authority No. (4-48-2013) dated 15/01/1435H corresponding to 18/11/2013G, which will be applied starting from 04/09/1435H corresponding to 01/07/2014G, if the company's accumulated losses reach 50% or more of its capital, the company must make a declaration which includes the amount of accumulated losses, its percentage of the share capital and the main reasons that led to these losses. The declaration should also mention that the company will be subjected to the CMA's procedures in this regard.

10.2.4 The notification referred to above should be made at least two hours before the first trading period in the exchange following the occurrence of the development.

10.3 Disclosure Regarding Financial Information

10.3.1 The interim and annual financial statements shall be approved by the Board of Directors and signed by a Managing Director authorized by the Board of Directors and by the President and the Chief Financial Officer prior to their issuance and circulation to shareholders and third parties.

10.3.2 The interim and annual financial statements and the Director's report shall be filed with the Capital Market Authority immediately upon approval by the Board of Directors.

10.3.3 The Company shall provide the Capital Market Authority and announce to the shareholders its interim financial accounts (which must be prepared and reviewed in accordance with the accounting standards issued by SOCPA) as soon as they have been approved and within a period not exceeding 15 days after the end of the financial period to which they relate.

10.3.4 The Company shall provide the Capital Market Authority and announce to the shareholders its annual financial accounts (which must be prepared and audited in accordance with the accounting standards issued by SOCPA) as



soon as they have been approved and within a period not exceeding 40 days after the end of the annual financial period to which they relate.

- 10.3.5 The Company must provide the Capital Market Authority and announce to the shareholders the annual financial accounts not less than 25 days before the date of the Company's annual shareholder's general meeting.
- 10.3.6 The interim and annual financial accounts are announced through the Tadawul website upon being approved by the board of directors and external auditor.
- 10.3.7 Financial data, which include the income statement, balance sheet and cash flow statement, is uploaded through electronic applications on the Tadawul website once the announcement is published.
- 10.3.8 A Pdf file containing the interim or annual financial accounts, which have been approved by the external auditor, the Chairman of the Board, designated board member and the Chief Financial Officer, is sent to the Capital Market Authority (Disclosure Department). The company should ensure filling all relevant disclosure forms.
- 10.3.9 Announcements and interim or annual financial accounts are published on the company's website after being announced to the shareholders on Tadawul. Regulations of the Ministry of Commerce should be taken into account when preparing the annual report and the annual financial statements.
- 10.3.10 An official letter is sent to the Capital Market Authority accompanied by the interim or annual financial statements and the annual report that has been approved. All relevant disclosure forms should be attached and approved by the Chairman of the Board of Directors and the designated board member.

10.4 Board of Directors' Report

- 10.4.1 The Company shall include with its annual financial accounts a report issued by the Board of Directors including a review of the operations of the Company during the last financial year and of all relevant factors affecting the Company's business which an investor requires to assess the assets, liabilities and financial position of the Company. The Board of Directors' report shall contain the following:
 - a. a description of the principal activities of the issuer and its subsidiaries. If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it;
 - b. a description of the issuer's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations of the



- issuer), the future prospects of the issuer's business and any risks facing the issuer;
- c. a summary, in the form of a table or a chart, of the assets and liabilities of the issuer and of the issuer's business results for the last five financial years or from incorporation, whichever is shorter;
 - d. a geographical analysis of the issuer's gross revenues and its subsidiaries;
 - e. an explanation for any material differences in the operating results of the previous year or any announced forecast made by the issuer;
 - f. an explanation for any departure from the accounting standards issued by SOCPA;
 - g. the name of every subsidiary, its share capital, the issuer's ownership percentage in it, its main business, its principal country of operation and its country of incorporation;
 - h. the particulars of the issued shares and debt instruments of every subsidiary;
 - i. a description of the issuer's dividend policy;
 - j. a description of any interest in a class of voting shares held by persons (other than the issuer's directors, senior executives and their relatives) that have notified the issuer of their holdings pursuant to Article 45 of the Listing Rules, together with any change to such interests during the last financial year;
 - k. a description of any interest, contractually based securities, and subscription rights of the issuer's directors, senior executives and their relatives in the shares or debt instruments of the issuer or any of its subsidiaries, together with any change to such interest or rights during the last financial year;
 - l. information relating to any borrowings of the issuer (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of the issuer and its subsidiaries together with any amounts paid by the issuer as a repayment of loans during the year. In case there are no loans outstanding for the issuer, the issuer must provide an appropriate statement;
 - m. a description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants or similar rights issued or granted by the issuer during the financial year, together with the consideration received by the issuer in return;
 - n. a description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the issuer;
 - o. a description of any redemption or purchase or cancellation by the issuer of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the

issuer and those purchased by its subsidiaries;

- p. the number of meetings of the directors held during the last financial year and the attendance record of each meeting listing names of the attendees;
- q. a description of any transaction between the issuer and any related party
- r. information relating to any businesses or contract to which the issuer is a party and in which a director of the issuer, the President, the CFO or any person related to any of them is or was interested, or if there are no such businesses or contracts, the issuer must submit an appropriate statement;
- s. a description of any arrangement or agreement under which a director or a senior executive of the issuer has waived any salary or compensation;
- t. a description of any arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends;
- u. a statement of the value of any outstanding statutory payment on account of any zakat, taxes, fees or any other charges with a brief description and the reasons thereof;
- v. a statement as to the value of any investments made or any reserves set up for the benefit of the employees of the issuer;
- w. a declaration that:
 - proper books of account have been maintained;
 - the system of internal control is sound in design and has been effectively implemented; and
 - there are no significant doubts concerning the issuer's ability to continue as a going concern;

10.4.2 if any of the statements above cannot be made, the report must contain a statement clarifying the reasons thereof;

- a. information required to be disclosed by the Corporate Governance Regulations;
- b. if the external auditor's report containing reservations on the relevant annual financial statements is qualified, the directors report must include such qualifications, its reasons and any related information; and
- c. if the directors recommends that the external auditors should be changed before the elapse of the term it is appointed for, the report must contain a statement to that effect and the reasons for such recommendation.



- 10.4.3 In case the preparation of any of the above data was not possible, the report must include a statement to clarify the reasons.
- 10.4.4 In cases where the external auditors have prepared the financial statements and the CMA asked to obtain additional information, the directors' annual report should include the additional information that was submitted to the CMA.
- 10.4.5 If the Board of Directors recommended changing the external auditor, the change must happen before the passage of more than three consecutive fiscal years , the annual report should include a statement in this regard and the reasons for this recommendation.

10.5 Disclosure Regarding Corporate Governance (**)

- 10.5.1 The Company shall disclose material information on corporate governance policies and procedures.
- 10.5.2 Such report shall include the following:
- The implemented provisions of these Regulations as well as the provisions which have not been implemented, and the justifications for not implementing them.
 - Names of any joint stock company or companies in which the company Board of Directors member acts as a member of its Board of directors.
 - Formation of the Board of Directors and classification of its members as follows: executive board member, non-executive board member, or independent board member.
 - A brief description of the jurisdictions 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.
 - Details of compensation and remuneration paid to each of the following:
 - The Chairman and members of the Board of Directors.
 - The Top Five executives who have received the highest compensation and remuneration from the company. The CEO and the chief finance officer shall be included if they are not within the top five.
- 10.5.3 For the purpose of this paragraph, "compensation and remuneration" means salaries, allowances, profits and any of the same; annual and periodic



bonuses related to performance; long or short- term incentive schemes; and any other rights in rem.

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

*(**) – Effective from the first board report issued by the company following the date on which this resolution has been issued by CMA Board – as per CMA resolution No. 1-36-2008 dated 12/11/1429H corresponding to 10/11/2008G, these are mandatory provisions for all listed company on the Exchange.*

10.6 Disclosure Regarding Corporate Social Responsibility Polices

- 10.6.1 The Company shall disclose its corporate social responsibility policies and procedures related to employees, community and environment at least once a year.

10.7 Notification Related to Securities

- 10.7.1 The Company shall notify the Capital Market Authority without delay of the following information:
- Any proposed change in the capital of the Company.
 - Any significant change in the holding or identity of those persons holding more than 5% of the Company's listed securities.
 - Any decision to declare, recommend or pay dividend or to make any other distributions to the shareholders.
 - Any decision not to declare, recommend or pay dividend which would otherwise have been expected to have been declared, recommended or paid in the normal course of events.
 - Any decisions to call, repurchase, draw, redeem or propose to buy any of its securities and the total amount thereof.
 - Any decision not to make payment in respect of listed debt instruments.
 - Any change in the rights attached to any class of listed securities or to any securities into which any listed securities are convertible.

10.8 Miscellaneous

10.8.1 The Company shall notify the Capital Market Authority promptly of:

- a. Any change in the Company's by-laws or the location of its principal office.
- b. Any change in its external auditors.
- c. The presentation of any winding-up petition, the making of any winding-up order or the appointment of a liquidator in respect of the Company, its holding company or any of its subsidiaries under the Companies Regulations, or the commencement of any proceedings under the Bankruptcy Regulations.
- d. 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.
- e. The making of any judgment, order 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 represents an amount in excess of 5% of the book value of the net assets of the Company; or It becoming aware that the percentage of listed shares which are in the hands of the public or the number of shareholders required by the Capital Market Authority has fallen below the minimum levels required.

10.9 Provision of documents to the Capital Market Authority

10.9.1 The Company shall send copies to the Capital Market Authority of the circulars sent to shareholders and all documents relating to take-over, mergers and offers, notices of meetings, reports, announcements or other similar documents, promptly after they are issued.

10.10 Remuneration and Compensation of Directors and Executive officers

- 10.10.1 The Company shall ensure that where the Company or any of its subsidiaries wishes to pay a remuneration or compensation to a Director or proposed Director of the Company or any of the Company's Executive officers or to any Director or proposed Director of any subsidiary:
- a. Full written details of any such proposed remuneration or compensation are sent to all shareholders before the shareholders' General Assembly in which such proposed remuneration or compensation is to be the subject of a vote.
 - b. The terms of the remuneration or compensation are approved in advance by the shareholders of the Company in a general meeting at which the relevant

Director or the Executive officer, as the case may be, does not vote on such terms.

10.11 Notification Related to Substantial Shareholdings

10.11.1 The relevant person related to the following event must notify the Company and the Capital Market Authority at the end of the trading day of the occurrence of any of the following events:

- a. He or it becoming the owner of, or interested in, 5% or more of any class of voting shares or convertible debt instrument.
- b. The ownership or interest of the person referred to above increasing or decreasing by 1% or more of the shares or debt instruments of the Company.
- c. A Director or Senior Executive of the Company becoming the owner of, or interested in, any rights in the shares or debt instruments of that Company (or any of its affiliates).
- d. The ownership or interest of any of the Directors or Executive officers of the Company increasing or decreasing by 50% or more in the shares or debt instruments that he or she owns in that Company (or any of its affiliates), or by 1% or more of the shares or debt instruments of that Company (or any of its affiliates) whichever is less.

10.11.2 In calculating the total number of shares in which a person is interested, that person will be deemed to be interested in any shares owned by or controlled by any of the following persons:

- a. A spouse or minor child of that person.
- b. A company controlled by that person (where that person holds 30% or more of the voting power or if the Company or its Directors are accustomed to act in accordance with that person's directions).
- c. Any other persons with which that person has agreed to act in concert to acquire interest in shares of the Company.

10.11.3 The notice referred to above must be in accordance with a form prepared by the Capital Market Authority and contain at least the following information:

- a. The names of the persons who own or have the right to dispose of the subject shares or debt instruments.
- b. Details of the ownership or interest.
- c. Details of any loans or financial support that the person has received from any other persons.
- d. The ownership or interest objective.



- 10.11.4 In case of a change in the ownership or interest objective that was previously disclosed, the relevant person must promptly notify the Company and the Capital Market Authority of such change and shall not dispose of any shares or debt instruments of that Company except after the expiry of 10 days from the date of that notification.
- 10.11.5 Without prejudice to the provisions of this Article, a person who has become an owner of or interested in 10% or more of any class of voting shares or convertible debt instruments, must not dispose of the same without the approval of the Capital Market Authority.

11. Approval

The corporate governance manual was reviewed by the Chief Corporate Affairs Executive and approved by the Board of Directors during their meeting that was held on:

Document	Issue Date	Reviewer	Approver
Corporate Governance Manual	29 December 2013	Chief Corporate Affairs Executive	Board of Directors
	Version 1	Name:	Name:
		Signature:	Signature:
		Date:	Date: