



Articles of Association of Saudi Paper Manufacturing Company

Chapter One: Incorporation

Article one	Incorporation: A Saudi Joint Stock Company shall be incorporated as per the provisions of Companies Law and its Implementing Regulations.
Article two	Name of the Company: Saudi Paper Manufacturing Company (Listed Joint Stock Company)
Article three	Objectives of the Company: The company carries out the following purposes: 1- Production of various paper products. 2- Production of tissue paper rolls. 3- Production of a variety of tissue paper. 4- Collecting, sorting, compressing and selling solid waste, including paper, cardboard, plastic, metal and glass waste. 5- Investing in various industries in the field of oil and petrochemicals and their support industries, and management of hazardous and non-hazardous industrial waste. The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.
Article four	Participation with other Companies: The Company may establish wholly-owned limited liability, closed joint stock companies. It may also own shares or stock in other existing companies or merge with such companies and may work with third parties on establishing joint stock or limited liability companies, having complied with the applicable laws and directives in this regard. Moreover, the Company may dispose of these shares or stocks provided that they are not serving as brokers for the traded shares.
Article five	Head Office of the Company: The Company's head office is located in Dammam, Kingdom of Saudi Arabia. The Board may open branches, offices or agencies inside or outside the Kingdom of Saudi Arabia.
Article six	Company's Term: The term of the Company shall be (99)

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2052028141)	Date 27/05/1442AH Corresponding to 11/01/2021	

This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020

	Gregorian years effective as of the date of the registration of the Company with the Commercial Register. The duration of the Company may be extended to other similar or shorter periods by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.
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Chapter Two: Capital and Shares

Article seven	The Capital: The Capital of the Company is (SR 192,000,000) one hundred ninety two million Saudi riyals divided into (19,200,000) nineteen million two hundred thousand par value share.
Article eight	Subscription to Shares: The shareholders have subscribed to the entire capital shares of the Company, which are (19,200,000) paid in full.
Article nine	Preferred Shares: The Extraordinary General Assembly may, subject to the conditions of the competent authority, issue preferred shares, purchase preferred shares, convert ordinary shares into preferred shares, or vice versa not exceeding 10% of the capital. The preferred shares shall not give their holders the right to vote in general assemblies. Such shares shall entitle their holders to a percentage, higher than that of holders of ordinary shares, in the net profits of the Company after deducting the statutory reserve.
Article ten	Non-Payment of Shares: A Shareholder shall pay the value of the Shares on the dates set for such payment. If a Shareholder defaults in payment when it becomes due, the Board may, after notice through official newspaper or a registered letter, sell the Shares at a public auction or in the stock exchange, as the case may be, in accordance with measures imposed by the Competent Authority. The Company shall recover from the proceeds of the sale such amounts as are due to it and shall refund the balance to the Shareholder. If the proceeds of the sale fall short of the amounts (due), the Company shall have a claim on the entirety of the Shareholder's personal funds for the unpaid balance. The defaulting Shareholder may, up to the date of sale, pay the amount due from him plus (all) the expenses incurred by the Company. The

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442 H Corresponding to 17/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	Company shall cancel the Shares so sold in accordance with provisions of this Article; give the purchaser new Shares bearing the serial numbers of the canceled shares and make a notation to this effect in the shares register, together with specifying the name of new holder.
Article eleven	Share issuance: The shares of joint stock companies shall be nominal. Shares may not be issued at less than their nominal value, but they may be issued at a premium if the bylaws of the company provide that or if it is approved by the general assembly. In this case, the difference in value shall be prescribed in a separate provision within shareholders' rights and it may not be distributed to shareholders as profits. If a share is jointly owned by several persons, they must elect one of them to exercise the rights attached to such share on their behalf, but they shall be jointly liable for the obligations arising from the ownership of such share.
Article twelve	Share Trading: Shares subscribed by the founders may not be traded except after publishing the financial statements for two fiscal years, each of which is not less than twelve months from the date of incorporation of the company, sukuk of these shares indicates their type, the date of incorporation of the company and the period during which it is prohibited to trade them. Nevertheless, during the prohibition period, the ownership of shares may be transferred according to the provisions of the sale of rights from one of the founders to another founder or from the heirs of one of the founders in the event of his death to a third party or in the case of execution on the funds of the insolvent or bankrupt founder, provided that the priority of owning those shares is given to the other founders. The provisions of this article shall apply to what the founders subscribe to in the event of a capital increase prior to the expiration of the prohibited period.
Article thirteen	Share Register: the Company shares shall be traded in accordance with the provisions of Capital Market Authority, Subscribing to shares or owning them indicates that the shareholder accepts the company's articles of association and his obligations with the decisions issued by the shareholders'

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (205002814)	Date: 27/05/1442 H Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	assemblies in accordance with the provisions of the articles of association and the companies' law, whether he agrees with these decisions or disagrees with them, whether he is present or absent.
Article fourteen	Company Purchase, Sale and Mortgage of Company Shares: The Company may purchase or mortgage Company Shares in accordance with the guidelines issued by the Competent Authority; Shares purchased by the company do not have votes in the shareholders' assemblies.
Article fifteen	Increase of Capital: 1- The Extraordinary General Assembly may adopt a resolution to increase the Company's share capital, provided that the original capital must have been paid in full unless the unpaid portion relates to convertible debt instruments or sukuk that have not matured. 2- In all cases, the Extraordinary General Assembly may allocate all the shares issued as a result of a capital increase or part thereof to the Company and/or subsidiaries' employees. The shareholder may not exercise his pre-emption rights on shares allocated to employees. 3- Shareholders shall have pre-emptive rights to subscribe for the new cash shares. The shareholders shall be notified of the pre-emptive rights vested in them by notice to be published in a daily newspaper addressing the capital increase. resolution, the conditions of subscription and the period of subscription, or by written notice to the shareholder by registered mail 4- The Extraordinary General Assembly may suspend the shareholder's pre-emption rights in a cash capital increase or grant them to others if it considers it in the Company's best interest. 5- A shareholder may sell or assign its pre-emption right during the period from the date of the General Assembly Resolution approving the capital increase until the subscription closing date, in accordance with the guidelines set by the competent authority.

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date: 27/05/1442 H Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly Resolution dated 06/12/2020.



	<p>6- Subject to the provisions of section (4) above, new Shares shall be distributed to preemption right holders who demanded subscription in proportion to the total preemption rights resulting from the capital increase provided that the number of Shares allotted to them shall not exceed the number of new Shares they have applied for. The remaining new Shares shall be allotted to the original Shareholders who have asked for more than their proportionate share, in proportion to the preemption rights they hold out of preemption rights resulting from the capital increase provided that the number of Shares allotted to them shall not exceed the number of new Shares they have applied for. The rest of the Shares shall be offered to third parties unless otherwise provided for by the Extraordinary General Assembly or the Capital Market Law.</p>
Article sixteen	<p>Decrease of Capital:</p> <p>The Extraordinary General Assembly may decrease the Company's capital if it exceeds the Company's needs or if the Company suffers losses. The capital may, in the latter case only be decreased to less than the limit stipulated in Article (54) of the Companies Regulations. Such resolution shall be issued only after receiving a special report prepared by the Auditor on the reasons for such reduction, the obligations to be fulfilled by the Company, and the impact of the reduction on such obligations.</p> <p>If the reason for the capital reduction is due to the capital being in excess of the Company's needs, the Company's creditors must be invited to express their objection to such a reduction within sixty days from the date of publication of the resolution relating to the reduction in a daily newspaper published in the region where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents within the time limit set above; then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.</p>
Article seventeen	Issuance of debt instruments or sukuk instruments

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register [2050028141]	Date 17/05/1442AH Corresponding to 1/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	<p>1- The company may issue debt instruments or sukuk according to the Capital Market Authority.</p> <p>2- The company may not issue debt instruments or sukuk convertible into shares except after the issuance of a decision by the extraordinary general assembly specifying the maximum number of shares that may be issued in exchange for those instruments or sukuk, whether those instruments or sukuk are issued at the same time. Or through a series of issuances or through one or more programs to issue debt instruments or sukuk, and the Board of Directors issues new shares without the need for new approval from the assembly in exchange for those instruments or sukuk whose holders request their conversion upon the end of the conversion request period specified for the holders of those instruments or sukuk. The Board shall take the necessary measures to amend the company's articles of association regarding the number of issued shares and the capital.</p> <p>3- Pursuant to the provisions of Article forty four (44) of the Companies Law, the company may convert debt instruments, loans, or sukuk into shares in accordance with Capital Market Authority. In all cases, these instruments and sukuk may not be converted into shares in the following two cases:</p> <p>A- If the conditions for issuing debt instruments and sukuk do not include the possibility of converting these instruments and sukuk or into shares by raising the company's capital.</p> <p>B- If the holder of a debt instrument, sukuk, bond, or borrower does not agree to this conversion.</p> <p>4- The decisions of the shareholders' assemblies shall apply to the owners of debt instruments and sukuk. However, the aforementioned assemblies may not amend the rights granted to them except with approval issued by them in a special assembly for them to be held in accordance with the provisions of Article (89) of the Companies Law.</p>
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Chapter Three: Company Board of Directors

Article eighteen	Company management: The Company shall be managed by a	
Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	Board consisting of (seven members), to be appointed by the Ordinary General Assembly for a term not exceeding three years, as an exception, the founders appointed the first Board of Directors for a period of (3 years), and they are appointed by the decision of the Company's General Assembly.
Article nineteen	Termination of Board Membership: Membership on the Board shall cease at the expiry of the term or in the event that the validity of that membership is terminated in accordance with any applicable laws or regulations in the Kingdom. However, the Ordinary General Assembly may, at any time, remove all or any of the Directors, 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. A Director may resign, provided that such resignation is made at a proper time; otherwise, he shall be responsible to the Company for damages resulting from such resignation.
Article twenty	Board Vacancies: where the office of a Director becomes vacant, the Board may appoint a temporary Director; in accordance with the criteria of membership regulation approved by the Board of Directors, and shall be informed within five working days from the appointment date. Such appointment shall be submitted to the earliest General Assembly. The new Director shall complete the unexpired term of his predecessor. Where the conditions required for holding the Board of Directors meeting are not satisfied because the number of Directors falls below the minimum prescribed in the Regulations or in the Company's Articles, the remaining Directors must call the General Assembly to convene within 60 days to elect the required number of Directors.
Article twenty-one	Powers of the Board: Pursuant to the competencies established for the General Assembly, the Board of Directors shall have the broadest powers in managing the company and disposing of its affairs, supervising its business and financial affairs inside and outside the Kingdom of Saudi Arabia and preparing policies and

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



guidelines to achieve its goals and has, including but not limited to, the representation of the company in its relations with others and government agencies, capital market authority, civil rights, police departments, chambers of commerce and industry, private institutions, companies and establishments of all kinds, entering into tenders and auctions, awarding bids, including but not limited to, signing sale, rent, leasing, representation, acknowledgement, mortgage and other documents, conducting transactions on behalf of the company, receiving, payment and receipt of rights with others, as the Board has the right to establish companies and contribute to the establishment of companies and to open branches of the company and the right to sign all kinds of contracts, documents and papers, including but not limited to companies' articles of association that the company establishes them or in which the company is a partner with all amendments to companies' articles of association in which the company is a partner, their annexes and all decisions of the partners in those companies, including the decisions related to raising and reducing the capital, assigning shares, buying them, documenting contracts, signing with the companies administration at the Ministry of Commerce and Investment and a notary, making amendments, changes, addition, omission, issuing and renewing commercial registers, receiving and canceling them, changing company names, granting loans to subsidiary companies, guaranteeing their loans, signing agreements and sukuk before the notary and official authorities, as well as loan agreements, guarantees, sponsorships, securities, waiving priority in paying the company's debts, issuing non-judicial power of attorneys on behalf of the company, selling and buying real estate, lands, stocks, shares in companies and other properties, whether movable or immovable, disposing of the company's assets and property, investment, mortgage of fixed and movable assets to guarantee the loans of the company and its subsidiaries according to the following conditions:

A- The Board specifies the reasons and justifications for it in

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442 AH Corresponding to 27/05/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	<p>the sale decision.</p> <p>B- The sale is close to the price of the same</p> <p>C- The sale is present except in cases of necessity and with adequate guarantees.</p> <p>D- This disposition does not result in the suspension of some of the company's activities or impose other obligations to it. The Board has the right to register, accept, collect the price, receive, handover, rent, lease, receive, pay, open accounts, manage, operate and close bank accounts, withdraw, deposit with banks, borrow from them, sign all papers, documents, checks, all banking transactions, invest the company's money and operate it in the local and international markets inside and outside the Kingdom of Saudi Arabia, has the right to appoint and dismiss employees and workers, apply for visas, recruit manpower from outside the Kingdom, contract with them, determine their salaries, issue resident permits "Iqamas", transfer sponsorship and release them, the Board of Directors may also contract loans with funds and government financing institutions, regardless of their duration, and may contract commercial loans, obtain loans and other credit facilities from government institutions, commercial banks, financial institutions and any credit companies, issue letters of guarantee in favor of any party if he deems in the interest of the company, issuing promissory notes, other documents, entering into all types of banking agreements, transactions for any period of time whose deadlines do not exceed the end of the company's term, as for a loan whose term exceeds three years, the following conditions are taken into consideration:</p> <p>A- The Board of Directors determines in its decision the uses of the loan and the manner of its repayment.</p> <p>B- Taking into account the conditions of the loan and the guarantees provided to him not to harm the company and its shareholders and the general guarantees for creditors.</p> <p>The Board may also approve the company's internal, financial, administrative and technical systems, policies and procedures</p>
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Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 22/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	<p>for employees, authorize the company's executives to sign on their behalf in accordance with the regulations and controls laid down by the Board, approve the company's business plans and operate them, approve the initial and annual financial statements, absolve the company's debtors from their obligations, provided that the minutes of the Board of Directors shall include in its decision to observe the following conditions:</p> <p>The discharge after a full year has elapsed from the start of debt, as a minimum.</p> <p>The discharge should be for a specified amount, as a maximum, for each year for one debtor</p> <p>The Board of Directors may provide financial support to any of the subsidiary or associate companies as well as the companies in which it participates in the value and manner deemed by the Board. The Board of Directors may provide guarantees for loans and credit facilities of various kinds obtained by any of the subsidiary and associate companies or companies in which the company participates, according to the percentage of their ownership in them, and the Board may also, within the limits of its competence, delegate or empower one or more of its members or others in Carrying out a specific work or works or a procedure or disposing of it and he may cancel this power of attorney or the authorization.</p>
Article twenty-two	<p>Compensation of the Board:</p> <p>1- Compensation of the Board members may consist of a specified salary, or meeting attendance fee, material benefits, a percentage of the net profits or a combination of two or more of these benefits</p> <p>2- In all cases, the total amount of the compensation, in financial or material benefits to each Board member shall not exceed the amount of five hundred thousand riyals annually, in accordance with the measures established by the competent authority. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the amounts received</p>

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date: 27/09/1442AP Corresponding to: 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	<p>by the Directors during the fiscal year in the way of emoluments, expense allowances, and other benefits as well as of all the amounts received by the Directors in their capacity as officers or executives of the Company, or in consideration for technical, administrative or advisory services. The report shall also include a statement of the number of Board meetings and the number of meetings attended by every member as of the date of last General Assembly</p> <p>3- Remuneration for members of the Board of Directors, committees of the Board and the Executive Management are paid with the approval of the company's general assembly.</p>
Article twenty-three	<p>Powers of the Chairman, Deputy Chairman, Managing Director and the Secretary:</p> <p>The Board of Directors shall appoint from among its members a Chairman and a Deputy Chairman, and Managing Director and it shall not be permissible for a member to occupy jointly the office of the Chairman and any executive position in the Company.</p> <p>1- The Chairman of the Board and the Deputy Chairman, in the absence of the President, shall represent the company in its relations with others, before government and private agencies, and before all Sharia courts, judicial bodies, the Board of Grievances, labor offices, higher and primary committees, the Committee for Resolution of Securities Disputes, Negotiable Instruments Committees and all other judicial committees and arbitration bodies, civil rights, police departments, chambers of commerce and industry, private bodies, companies, banks, commercial banks, money houses, all funds and government financing institutions of various names, specializations, institutions of all kinds, and other lenders, and the Chairman of the Board is concerned with including dealing with others and concluding all contracts and transactions within the purpose of the company and the purchase and rent of places and real estate necessary for the company's activity, mortgage and sale of all company assets, including, but not limited to, mortgage and sale of real estate,</p>

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028181)	Date 23/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	<p>stocks, equipment, investment funds, and deposits of all kinds, collecting the company's rights, fulfilling its obligations, creating negotiable instruments, signing, endorsing and receiving them, and conducting all banking transactions necessary for the activity of the company including opening and closing accounts, withdrawing from them, depositing in them, requesting all kinds of facilities from commercial banks, loans with any amounts and signing them after taking the approval of the Board of Directors for those loans, signing guarantees, requesting issuance of guarantees and opening credits on behalf of the company, signing of guarantees in the name of the company to guarantee others and signing contracts & facilities papers, signing and cashing checks, signing Islamic murabaha agreements and investment contracts, assigning rights and benefits, signing agreements, business and treasury products, representing the company before all Saudi and Non-Saudi government agencies, before others in every matter related to the company's interests and affairs, realizing its objectives, pleading and defending its rights before any authority. Judicial or administrative, all the work and actions that he performs are binding on the company and the chairman and managing director may delegate or authorize on their behalf within the limits of their competencies one or more members of the Board of Directors or from third parties to do specific work or actions under this articles of association, Giving the agent the right to delegate or empower others in all or some of his powers mentioned above, and the delegated member has the authority to all necessary management actions and implement the decisions of the Board and General Assemblies of shareholders and the powers specified for him by the Board of Directors or whoever delegates them to him.</p> <p>2-The Chairman of the Board of Directors represents the company in its relationship with others and has the administrative, financial and technical powers and authorities in this regard, as decided for the members of the Board of Directors and with the same restrictions and conditions</p>
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Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (205002814)	Date 27/05/1442AH Corresponding to 17/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020.



	<p>stipulated in Article (20) of the Companies Law. 3- The Board of Directors shall appoint a Secretary of the Board to be chosen from among its members or from a third party responsible for recording the minutes of the Board's meetings and recording and keeping the decisions issued by these meetings in addition to exercising the other functions assigned to him by the Board. The Board determines the remuneration of the Secretary in a decision for appointing him.</p> <p>4- The term of the Chairman, the Vice Chairman, Managing Director and the Secretary who is a Board member shall not exceed the term of their respective membership in the Board, however they may be re-appointed. The Board may, at all times, remove any or all of them without prejudice to their right to damages if the removal is made without acceptable justification or at an improper time.</p>	
Article twenty-four	Board Meetings: The Board shall meet at least four times a year upon the invitation of the Chairman, the invitation shall be in writing and may be delivered by hand or sent by post or e-mail. The Chairman shall invite the Board to meet when requested by at least two of the Directors	
Article twenty-five	Quorum of Board Meetings: A meeting of the Board shall be valid only if attended by at least one half of the Directors provided that the number of attendees is not less than 3 members, and a member of the Board of Directors may delegate other members to attend the meetings of the Board according to the following rules: 1- A member of the Board of Directors may not be a representative of more than one member of the Board in attending the same meeting. 2- The delegation must be fixed in writing. 3- The deputy may not vote on the decisions that the articles of association prohibits the delegate to vote on that, and the decisions of the Board are issued with the majority of the opinions of the members present or represented therein, and when the opinions are equal, the side with which the session chairman voted is preferred, and the	
Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442 AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020

	<p>Board of Directors may issue decisions by passing by presenting them to the members separated unless one of the members requests - in writing - the Board meeting for deliberation, and these decisions are presented to the Board at the first meeting following them.</p> <p>4- It is permissible, by a decision of the Board, that the Board hold its meetings through the shared phone or via video or any other modern technical means that allows members to participate in the meeting and in which the members will be able to hear each other clearly, and it is permissible for any member who is unable to attend due to an acceptable excuse, to participate in the meeting in the same way with the approval of the meeting chairman and the attending members. Participation in the manner described in this paragraph shall be in attendance of the meeting in terms of quorum and voting.</p>
Article twenty-six	<p>Board Deliberations: Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the chairman of the meeting, Directors present and the Secretary. Such minutes shall be entered in a special register which shall be signed by the Chairman and the Secretary.</p>

Chapter Four: Shareholders' Assemblies

Article twenty-seven	Attendance of assemblies: Every office, regardless of the number of its shares, has the right to attend the constituent assembly, and every shareholder has the right to attend the general assemblies of shareholders, and in this regard, he has the right to delegate on him another person other than members of the board of directors or company employees to attend the general assembly.	
Article twenty-eight	Shareholders' Equity: Shares set equal rights and obligations, and all rights related to the share are established for the shareholder, and in particular the right to obtain a share of the net profits to be distributed, the right to receive a share of the company's assets upon liquidation, and the right to attend shareholders' assemblies and participate in their deliberations and vote on its decisions, the right to dispose of shares, and the right to request access to the company's book without	
Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028143)	Date: 27/05/2021 Corresponding to 27/05/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	prejudice to the interests of the company and its documents, to monitor the work of the board of directors, to file a liability lawsuit against the members of the board, and to challenge the nullity of the decision of the shareholders' associations, according to the conditions and restrictions mentioned in the law or in the company's articles of association.
Article twenty-nine	Constituent Assembly: The constituent assembly shall be concerned with the matters mentioned in Article (63) of the Companies Law.
Article thirty	Ordinary General Assembly: With the exception of matters pertaining to the Extraordinary General Assembly, the Ordinary General Assembly shall have jurisdiction over all matters related to the company, and it convenes at least once a year during the six months following the end of the company's fiscal year. Other ordinary general assembly meetings may be called whenever the need arises.
Article thirty-one	Extraordinary General Assembly: The extraordinary general assembly is concerned with amending the company's articles of association with the exception of matters that are forbidden to amend by law, and it has the right to issue releases in matters originally included in the competencies of the ordinary general assembly, under the same terms and conditions prescribed for the ordinary general assembly.
Article thirty-two	Call for Assemblies: The general or private assemblies of the shareholders shall convene upon an invitation from the Board of Directors, in accordance with the Companies Law and its Bylaws, and the Board of Directors shall call the Ordinary General Assembly to convene if requested by the auditor, the audit committee, or a number of shareholders representing (5%) of the capital at least. The auditor may call the assembly to convene if the board does not invite the assembly within thirty days from the date of the auditor's request. The invitation to convene the assembly shall be published in a daily newspaper that is distributed at the company's headquarters at least twenty-one days before the date set for the meeting. However, it is permissible to address the invitation on the aforementioned time to all shareholders by

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association issued pursuant to the General Assembly's Resolution dated 06/12/2020



	registered letters. A copy of the invitation and the agenda is sent to the Ministry of Commerce and Investment as well as to the Capital Market Authority. And during the period specified for publication.
Article thirty-three	Assemblies' attendance register: Shareholders who wish to attend the general or special assembly register their names at the venue of the assembly before the time set for the assembly, according to what the company specifies in the announcement of the invitation to the assembly. When the assembly convenes, a register shall be drawn up with the names of the present shareholders and representatives and personal identification numbers, indicating the number of shares in their possession in addition to or by proxy and the number of votes assigned to it. The association may be held by means of modern technology.
Article thirty-four	Quorum of the ordinary general assembly meeting: the holding of the ordinary general assembly meeting is not valid unless attended by shareholders representing at least a quarter of the capital, and if the quorum required for holding this meeting is not available, the second meeting will be held one hour after the end of the period specified for the first meeting to be held, provided that the invitation to hold the first meeting is included the indicative of the announcement of the possibility of holding this meeting, and in the event that the first invitation does not include the possibility of holding the second meeting, an invitation to hold a second meeting is to be issued within the thirty days following the previous meeting, and this invitation shall be published in the manner stipulated in Article thirty-two (32) of this system. In all cases, the second meeting is valid regardless of the number of shares represented in it.
Article thirty-five	Quorum of the extraordinary general assembly meeting: The extraordinary general assembly meeting is not valid unless attended by shareholders representing half of the capital. If this quorum is not available at the first meeting, the second meeting will be held one hour after the end of the period specified for the first meeting to be held, provided that the

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028191)	Date 20/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	invitation to hold the first meeting is included the indicative of the announcement of the possibility of holding this meeting, and in the event that the first invitation does not include the possibility of holding the second meeting, an invitation to hold the second meeting is to be issued, the meeting is to be held in the same conditions stipulated in Article thirty (30) of this bylaw. In all cases, the second meeting will be valid if attended by a number of shareholders representing at least a quarter of the capital, and if the necessary quorum is not available in the second meeting, an invitation is sent to a third meeting to be held according to the same conditions stipulated in Article thirty-two (32) of this bylaw, and the third meeting will be valid regardless of the number of shares represented in it after the approval of the competent authority.
Article thirty-six	Voting at assemblies: every subscriber has a vote for every share he represents in the constituent assembly, and every shareholder has a vote for every share in the general assemblies, and the cumulative voting must be used in the election of the Board of Directors, so that the right to vote for the share may not be used more than once, and board members may not participate in voting on the decisions of the assembly related to discharging them from responsibility for the management of the company or related to their direct or indirect interest.
Article thirty-seven	Resolutions of the Assemblies: The decisions of the Constituent Assembly are issued by the absolute majority of the shares represented in it, the decisions of the Ordinary General Assembly are issued by the absolute majority representing the shares in the meeting, and the decisions of the Extraordinary General Assembly are issued by a two-thirds majority of the shares represented at the meeting, unless it is a decision related to the capital increase, decrease or extending the term of the company or its dissolution before the expiry of the period specified in its articles of association, or its merging with another company, is not valid unless it is issued by a majority of three quarters of the shares

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register 2050028144Y	1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	represented at the meeting.
Article thirty-eight	Deliberations at the assemblies: Every shareholder has the right to discuss the topics on the assembly agenda and direct them to the members of the board of directors and the auditor about them, and the board of directors or the auditor answers the shareholders' questions to the extent that does not expose the interest of the company to harm and if the shareholder believes that the response to his question is not convincing, appeal to Assembly and its decision in this regard is enforceable.
Article thirty-nine	Presiding over the association and preparing the minutes: the meeting of the general assembly of shareholders is chaired by the chairman or his deputy in his absence, or whoever is delegated by the board of directors from among its members in the absence of the chairman and his deputy, and a record of the assembly meeting shall be drawn up that includes the number of shareholders present or representatives and the number of shares in their possession in origin or acting, the number of votes assigned to it, the decisions taken, the number of votes approved or against it, and a comprehensive summary of the discussions that took place in the meeting, and the minutes are regularly written after each meeting in a special record signed by the association president, secretary, and vote collector.

Chapter Five: Audit Committee

Article forty	Formation of the Committee: An audit committee is formed by a decision of the Ordinary General Assembly, consisting of (the number of its members is not less than three and not more than five) members who are not members of the executive board of directors, whether from the shareholders or others. The decision specifies the duties of the committee, its work controls, and the remunerations of its members.
Article forty-one	The quorum of the committee meeting: for the audit committee meeting to be valid, the majority of its members must attend, and its decisions are issued by the majority of the votes of the attendees, and when the votes are equal, the side with which the committee chairman voted shall prevail.

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register [2050028141]	Date 27/05/2021 Corresponding to 12/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



Article forty-two	Powers of the Audit Committee: The audit committee is responsible for monitoring the company's business, and for this purpose it has the right to review its records and documents and request any clarification or statement from members of the board of directors or the executive management, and it may request the board of directors to invite the company's general assembly to convene if the board of directors impedes its work or the company suffered heavy damages or losses.
Article forty-three	Committee reports: The audit committee must review the company's financial statements and the reports and notes provided by the auditor, and express its views on them, if any, and it must also prepare a report on its opinion regarding the adequacy of the company's internal supervision system and what it has done of other activities that fall within the scope of its specialties and the board of directors must deposit sufficient copies of this report in the company's head office at least twenty-one days before the meeting of the general assembly to provide each of the shareholders a copy of it, and the report shall be read during the assembly meeting.

Chapter Six: Auditor

Article forty-four	Appointment of an auditor: The company must have one or more auditors from among the auditors licensed to work in the Kingdom, appointed by the Ordinary General Assembly annually and determine his remunerations and the duration of his work. The association may also change the auditor at any time without prejudice to its right to compensation if the change occurred at an inappropriate time or for an unlawful reason.
Article forty-five	Powers of the auditor: 1- The auditor has the right at any time to review the company's books, records and other documents, and he also has the right to request the data and clarifications that he deems necessary to obtain in order to verify the company's assets, liabilities, and other things that fall within the scope of his work. The chairman of the board of directors shall enable him to perform his duty, and if the auditor encounters

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1443 AH Corresponding to 12/06/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020



	<p>difficulty in this regard, he shall prove this in a report submitted to the board of directors. If the board does not facilitate the work of the auditor, he must request the board of directors to call the ordinary general assembly to consider the matter.</p> <p>2- The auditor must submit to the annual ordinary general assembly a report prepared in accordance with the generally accepted auditing standards, including the position of the company's management to enable him to obtain the data and clarifications he requested, and what he may have found of violations of the provisions of the companies' law or the provisions of the company's bylaw and his opinion of the extent of the fairness of the company's financial statements, and the auditor reads his report in the general assembly, and if the assembly decides to approve the report of the board of directors and the financial statements without hearing the auditor's report, then its decision is invalid.</p> <p>3- It is not permissible for the auditor to disclose to shareholders other than in the general assembly meeting or to third parties what the company's secrets were kept on because of his work, otherwise he must be dismissed as well as being held accountable for compensation which falls on him in the performance of his work, and if there are multiple auditors and participated in the mistake, they are jointly responsible.</p>
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Chapter Seven: Company Accounts and Profit Distribution

Article forty-six	Fiscal year: The company's fiscal year begins from the first of January and ends at the end of December of each year, provided that the first fiscal year begins from the date of its registration in the commercial register until the end of December of the following year.
Article forty-seven	<p>Financial documents:</p> <p>1- The board of directors must, at the end of every fiscal year for the company, prepare the company's financial statements and a report on its activities and financial position for the past fiscal year. This report includes the proposed method for distributing profits. The Board shall place these documents at</p>

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020




	<p>the disposal of the auditor, at least forty-five days before the deadline for holding the General Assembly.</p> <p>2- The company's chairman, chief executive, and financial director must sign the documents referred to in Paragraph (1) of this Article, and copies of them shall be deposited in the company's head office at the shareholders' disposal at least twenty-one days before the date set for the general assembly meeting.</p> <p>3- The chairman of the board of directors must provide the shareholders with the financial statements of the company, the report of the board of directors, the report of the auditor, and he must also send a copy of these documents to the ministry as well as to the Capital Market Authority, at least fifteen days before the date set for the general assembly meeting.</p>
Article forty-eight	<p>Distribution of Profits: The company's annual net profit, after the deduction of all general expenses and charges, shall be treated as follows:</p> <p>1- Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General assembly when said reserve totals (30%) of Company's capital.</p> <p>2- The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage of not less than 1% of the net profits to form other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders. That same assembly may, based on a proposal by the Board, also withhold certain amounts from the net profits for the creation of social organizations for the Company's employees and workers, or for supporting such organizations as may already be in existence.</p> <p>3- The general assembly, pursuant to a proposal from the board of directors, may distribute the remainder after that to the shareholders at a percentage of not less than 5% of the company's paid-up capital.</p> <p>4- Taking into account the provisions stipulated in Article</p>

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020

	<p>Twenty-One of this Law (compensation for members of the Board) and Article Seventy Six of the Companies' Law, after the aforementioned, allocate a percentage not exceeding ten percent (10%) of the remainder to reward the Board of Directors, provided that the entitlement of this compensation shall be proportional to the number of meetings attended by the member.</p> <p>The Company may distribute interim dividends to the Shareholders on a semi-annual or quarterly basis in accordance with the guidelines issued by the competent authority, and regulatory controls in this regard.</p>
Article forty-nine	<p>Entitlement of Dividends: Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard, or the Board of Directors' decision to distribute interim profits; such resolution shall specify the entitlement date and distribution date. Shareholders registered in the shareholders register shall be entitled to their shares of profit by the end of the day of their entitlement</p>
Article fifty	<p>Distribution of Dividends for Preferred Shares:</p> <p>1- If no dividends are distributed for any fiscal year, dividends for the following years may only be distributed after paying the percentage specified in Article 114 of the Companies Regulation to the holders of preferred shares for such year.</p> <p>2- If the Company fails to pay the percentage specified in Article 114 of the Companies Regulations for three consecutive years, the private assembly of holders of preferred shares, convened pursuant to the provisions of Article 89 of the Companies Regulations, may adopt a resolution to enable them to attend the General Assembly and participate in voting, or to appoint representatives thereof in the Board of Directors in proportion to the value of their shares in the Company's capital, until the Company is able to pay all the priority dividends allocated to such shareholders for the preceding years.</p>
Article fifty-one	Company Losses:

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	 <p>* Date 27/05/1442AH Corresponding to 11/01/2021</p>	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020

	<p>1- If the Company's losses reach 50% of the paid-up capital at any time during the fiscal year, the Auditor or any officer of the Company shall notify the Chairman immediately upon becoming aware of such losses, who in turn shall immediately notify the Board of Directors. The Board of Directors shall convene an Extraordinary General Assembly within no more than 45 days of becoming aware of the Company's losses reaching 50% of its capital, to either increase or decrease the Company's capital in accordance with the Companies Law to the extent that the losses decrease to less than 50% of the paid-up capital, or to dissolve the Company before the expiry of its term according to these Articles</p> <p>2- The Company shall be deemed dissolved by operation of law if the Extraordinary General Assembly (i) does not convene within the period prescribed in paragraph (1) of this Article, (ii) convenes but is unable to adopt a resolution on this matter, or (iii) approves increasing the Company's capital in accordance with this Article and the increase shares are not fully subscribed to within 90 days from the date of the capital increase resolution.</p>
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Chapter Eight: Disputes

Article fifty-two	<p>Liability Action: Each Shareholder shall have the right to file a liability action, vested in the Company, against the members of the Board of Directors if they have committed a fault which has caused some particular damage to such Shareholder, provided that the Company's right to file such action shall still be valid. The Shareholder shall notify the Company of his/its intention to file such action.</p>
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Chapter Nine: Dissolution and Liquidation of the company

Article fifty-three	<p>Dissolution of the Company: Upon the expiry of the Company, it shall enter into liquidation period during which it shall maintain its legal personality to the extent necessary for liquidation. Optional liquidation may only be adopted by the Extraordinary General Assembly. The liquidation resolution shall appoint a liquidator and determine its powers, fees, restrictions of power and the period of liquidation, provided that optional liquidation period shall not exceed five years and</p>
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Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register (2050028141)	Date 27/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020

	cannot be extended without a judicial order. The powers of the Board of Directors shall cease upon the Company's approval of its liquidation, provided, however, that the Board of Directors shall remain responsible for the management of the Company and is deemed vis-à-vis third parties as liquidator until the liquidators are appointed. The General Assembly shall remain existent during the liquidation period and shall exercise its powers to the extent it does not conflict with the powers of the liquidator.
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Chapter Ten: Final Provisions

Article fifty-four	The Companies Regulations and its implementing rules shall apply to all other matters not specifically provided for herein.
Article fifty-five	The Articles shall be placed and published in accordance with the provisions of the Companies Regulations and its implementing rules.

Company's Name	Articles of Association	Ministry of Commerce Corporate Governance Dept.
Saudi Paper Manufacturing Company Commercial Register [2050028141]	Date 27/05/1442AH Corresponding to 11/01/2021	

* This Articles of Association is issued pursuant to the General Assembly's Resolution dated 06/12/2020