

***The Savola Group***  
***(A Saudi Joint Stock Company)***  
***The Bylaws***

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<b><u>DISCLAIMER</u></b>	<b>تنويه هام لأخذه في الاعتبار</b>
<p>This English version of Savola bylaws is a translation of the original Arabic document and has been made for the information purpose for non-Arabic speakers.</p> <p>In case of any discrepancy or misinterpretation, the original Arabic document of the bylaws shall prevail.</p>	<p>هذه النسخة الإنجليزية من النظام الأساس لشركة صافولا تمثل ترجمة للنسخة الأصلية الصادرة باللغة العربية، والغرض منها تعريف الناطقين بغير اللغة العربية بالنظام الأساس للشركة،</p> <p>وفي حالة وجود اختلاف في الترجمة أو خطأ في تفسير النص لأي مادة من مواد النظام يُعتبر النصّ الأصلي الصادر باللغة العربية هو الحاكم.</p>

## CHAPTER ONE: INCORPORATION OF THE COMPANY

### **Article (1): Incorporation**

The Company has been incorporated as a Saudi joint stock company in accordance with the provisions of the Companies' law, its implementing regulations, and the provisions of these articles set forth hereunder.

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

Savola Group Company (A Saudi Listed joint stock company)

### **Article (3): The Company's Objectives**

The Company will perform and achieve the following Objectives:

1. Headquarters activities (supervise and manage other subsidiaries of the company).
2. To produce and sell vegetable oil and ghee, and to market, purchase and import all the supplies including machinery, specialist equipment, materials and transportation means so as to set up plants and factories necessary for the attainment of the Company's objectives and for the processing of its products and to construct warehouses for keeping, storing and exhibiting the Company's products and for other necessary facilities that the Company shall have to use in performing the activities of manufacturing, storing, selling, purchasing, importing and exporting. Furthermore, the Company may, whether alone or in participation with other companies, establishments, and individuals, set up other industries that are complementary to its own.
3. To process and trade in all types of food products, and to purchase and import all factories, machinery, equipment, materials and transportation means necessary, as well as to construct plants and factories essential for the attainment of this objective and to set-up and purchase warehouses and cold stores for storing and exhibiting all sorts of products.
4. To manufacture and trade in glass, plastic, metallic and paper packing (inclusive of the lids) and other packaging materials related to the Company's objectives.
5. To set-up and manage agricultural and animal farms favorable to the achievement of the Company's objectives; as well as to reclamate and invest in agricultural lands.
6. To produce liquid and compound fertilizers, rare elements, and agricultural and industrial disinfectants.
7. Wholesale and retail marketing, through supermarkets, of food products, household goods, stationery and school supplies including uniforms, electrical and ornamental items, perfumes, cars accessories, equipments and paintings.

8. (h) Establishing and managing central supermarkets for the Company or for other companies.
9. Establishing and managing restaurants and bakeries.
10. Establishing and managing refrigeration warehouses.
11. To carry out export, import, commercial contracting and commercial agencies consistent with the Company's activities after registration in the Register of Commercial Agencies.
12. To purchase and sell real estate, land and factories required for the realization of the Company's objectives.
13. To carry out market research and studies related to the Company's objectives.

The Company shall have the right, as per the regulations that are already abided with and after obtaining the necessary licenses from the competent authorities, to implement and realize its objectives within and outside the Kingdom, including the free zones

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

The Company has the right to establish companies on its own, either limited liability or joint stock companies, in accordance with the provisions and the procedures stipulated by the Companies' law. In addition, the Company shall have the right to have an interest in existing companies, or merge with or purchase same; it may participate with others in establishing joint stock and limited liability companies after fulfilling the requirement of the applicable regulations in this regards; and to sell, and purchase these shares and stocks, but not to intermediate in the trading. Furthermore, the Company shall have the right to have interest or participate in any way whatsoever with; individuals, companies or organizations engaged in activities that are similar to its own or that help it realize its objectives.

#### **Article (5): The Company's Head Office**

The Company's head office is located in the city of Jeddah. The Board of Directors has the right to establish branches, offices or agencies for the Company inside and outside the Kingdom of Saudi Arabia. The Company's Head Office may not be transferred to another city except by a resolution of the Extraordinary General Assembly upon a proposal of the Board of Directors, and the approval of the competent authorities.

#### **Article (6): Duration of the Company**

The Company's was established for an indefinite period commencing from the date of its registration in the Commercial Register.

## CHAPTER TWO: CAPITAL AND SHARES

### **Article (7): The Capital**

The Company's issued capital is at SR 5,339,806,840 (Saudi Riyals Five Thousand Three Hundred Thirty-Nine Million Eight Hundred Six Thousand Eight Hundred Forty) divided into 533,980,684 (Five Hundred Thirty-Three Million Nine Hundred Eighty Thousand Six Hundred Eighty-Four) ordinary shares having an equal nominal value of SR 10 (Saudi Riyals Ten) each.

### **Article (8): Subscription in the Shares**

The shareholders have subscribed in all shares of the Company's issued Capital amounted to 533,980,684 shares (Five Hundred Thirty-Three Million Nine Hundred Eighty Thousand Six Hundred Eighty-Four) in full and cash; all cash amounts of the capital have been deposited with the Bank.

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

#### **1. Preferred Shares**

The Extraordinary General Assembly may, in accordance with the policies and rules set by related bodies, issue preferred shares. Preferred shares shall entitle their holders to receive a larger percentage of net profits than ordinary shares holders after setting aside the company reserve- if any. Such shares shall vest their holders, in addition to the right of sharing in the net profits, which are distributed to the ordinary shares, with the following:

- a) The right to obtain a certain percentage of the net profits, not less than 5% of the nominal value of the share, after setting aside the Company reserves -if any- and before any distribution of the Company's profits.
- b) The priority to receive the value of their shares from the capital upon the Company's liquidation, and to receive a certain percentage of the proceeds from liquidation date.

The Company may purchase these shares in accordance with the Shareholders' Extraordinary General Assembly's resolutions or convert these shares into ordinary shares, and such shares shall not be included in the computation of the quorum for the General Assembly provided for in the Company's Bylaws, nor does it grant its holders the right to vote in the shareholders' general assemblies.

#### **2. Redeemable Shares**

The Extraordinary General Assembly may, in accordance with the policies and rules of its redemption set by related bodies, issue redeemable shares.

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

Shares shall be nominal and may be divided into shares of a lower nominal value or merged in order to become shares of a higher nominal value. Additionally, shares may be issued at a value exceeding the par value. In such instances, the difference in the value of the share shall be added in a particular clause within shareholders' rights and shall be utilized in accordance

with the regulations set by the competent authority. Such shares shall not be distributed as dividends to the shareholders, and the share is indivisible against the Company but when owned by several persons, they should elect one to represent them in exercising the rights pertaining to such a share. Such person shall be equally liable for the obligations arising out of their ownership of such a share.

**Article (11): Trading of the Shares**

Trading the Company's shares in the stock market shall be in accordance with the Capital Market Regulations and its implementing regulations.

**Article (12): The Company buy-back, sells, and pledges its Shares**

1. The Company may buy-back, pledge or sell its Ordinary or Preference Shares in accordance with the regulations determined by the competent regulatory authorities. The shares of the Treasury purchased by the Company shall not have votes in the Shareholders' Assembly.
2. The Company may buy-back its Shares for the purpose of allocating them to its employees within an Employees' Shares Program in accordance with the terms and conditions prescribed by the regulations in this regard.
3. The shares may be pledged in accordance with the rules that established by the Capital Market Authority (CMA). The pledgee creditor may receive the dividends resulting from the pledged Shares and may enjoy all rights attached to them, unless the pledge agreement provides otherwise, but the pledgee creditor shall not be permitted to attend or vote at the General Assembly meetings.

**Article (13): Capital increase**

1. The Extraordinary General Assembly may decide to increase the Company's issued capital or its authorized capital -if any-, provided that the issued capital has been paid in full. However, the full payment of capital shall not be required if the unpaid portion of said capital relates to shares issued against the conversion of debt instruments or financing sukuk into shares and the period set for conversion has not yet expired.
2. The Extraordinary General Assembly shall in all cases allocate the issued shares upon the increase of the Capital or part thereof to the employees of the Company or any of its subsidiaries, provided that the issued shares do not exceed 0.25% of the Company's Capital. Shareholders may not exercise their preemptive rights on issued shares allocated for employees.
3. A shareholder who owns the share on the date of issuance the Extraordinary General Assembly decision approving the increase of company's issued capital or board of directors' resolution regarding increasing the issued capital within the limits of its authorized capital- if any- , shall have the priority right in the subscription of the new shares issued against cash shares. These shall be notified by the disclosure mechanisms for the listed companies adopted by the competent authorities of the capital increase resolution, subscription terms, duration, start and end date.



4. The Extraordinary General Assembly shall be entitled to suspend the preemptive rights of shareholders to subscribe to the capital increase against cash contributions or may grant such rights to non-shareholders in cases it deems beneficial to the Company.
5. A shareholder may sell or assign preemptive rights with or without financial consideration in accordance with the controls set by the competent authority.
6. Subject to the provisions of paragraph (4) above, newly issued shares shall be distributed to preemptive rights holders requesting subscription, in proportion to their preemptive rights against the total preemptive rights resulting from the capital increase, provided that the number of newly issued shares they receive does not exceed the number of shares they request, taking into consideration the type and class of their shares. The remaining new shares shall be distributed to preemptive rights holders who request more than their share in the proportion to the preemptive rights they have against the total preemptive rights resulting from the capital increase, provided that the number of newly issued shares they receive does not exceed the number of shares they request. Any remaining shares shall be offered to others, unless otherwise decided by the Extraordinary General Assembly or the Capital Market Authority Law states otherwise.

**Article (14): Capital reduction**

1. The Extraordinary General Assembly may decide to reduce the company's capital if it exceeds the Company's need or if the Company incurs losses. In the latter case, the capital may be reduced below the limit provided for in the Companies Law. The decision to reduce the capital shall not be issued until a statement prepared by the board of directors stating the grounds for such decrease, the company's liabilities, and the effect of the decrease on satisfying such liabilities is presented at the general assembly. Said statement shall include the report of the company's auditor.
2. If the capital reduction is because it exceeds to the company's needs, the creditors shall be invited to submit their objections to the decrease -if any- within the period provided for the Companies Law prior to the date set for the extraordinary general assembly meeting to decide on the decrease. The invitation shall include a statement indicating the amount of capital prior to and after the decrease, the date of the meeting, and the date the decrease becomes effective. If a creditor objects to the decrease and submits supporting documents to the company within the statutory period, the company shall pay the debt if it is due or provide a sufficient guarantee if it is not due. Equality among shareholders of the same type and class shall be observed upon capital reduction.
3. The Capital shall be reduced in one of the following ways:
  - a) Cancellation of a number of shares equal to the amount to be reduced.
  - b) Reduction of the nominal value of a share by canceling a part thereof equal to the amount of losses incurred by the company.
  - c) Reduction of the nominal value of a share by returning a part thereof to the shareholder or relieving him/her from all or part of the unpaid amount of the share's value.
  - d) The Company purchases of a number of its shares equals the amount to be reduced, and then cancels those shares.

## CHAPTER THREE: Debt Instruments and Negotiable Instruments

### Article (15): Issuance of Debt Instruments and Negotiable Instruments

The Company may, in accordance with the Capital Market Law and other related regulations, issue any type of negotiable debt, whether in Saudi or other currency, inside or outside the Kingdom of Saudi Arabia, such as bonds and *Sukuk*. The Extraordinary General Assembly may by its resolution authorize the Board of Directors to issue such debt instruments, including bonds, *Sukuk*, or other debt instruments, either in one or several parts or through a series of issues under one or more programs established by the Board from time to time and at the times, amounts and conditions approved by the Board of Directors, which shall have the right to take all necessary procedures for issuance.

The Company may, by a resolution of the Extraordinary General Assembly, issue debt instruments or financing instruments convertible into shares after a resolution by the Extraordinary General Assembly setting the maximum number of shares that may be issued against such instruments or *Sukuk*, whether these instruments or *sukuk* issued at the same time or through a series of issuances or through one or more programs to issue debt instruments or financial *Sukuk*.

The Board of Directors, without the need for new approval of the General Assembly, shall issue new shares in exchange for those instruments or financial *Sukuk* that their holders are required to transfer, immediately after the end of the period of the specific transfer. The company's Board of Directors shall take the necessary steps to amend the Company's Articles of Association with regard to the number of shares issued and Capital. The Board of Directors of the company shall complete the procedures for each capital increase in the manner specified in the regulations to disclose the Extraordinary General Assembly Resolutions.

## **CHAPTER FOUR: Board of Directors**

### **Article (16): Management of the Company**

1. The Company shall be managed by a Board of Directors consisting of (11) members to be elected in the Ordinary General Meeting by using the cumulative voting method, for a period of four years. Members of the Board of Directors may be re-elected for additional terms according to the election and nomination procedures provided for in the applicable rules and regulations set by the competent authority.
2. Each shareholder shall have the right to nominate himself or another person or more for membership of the Board of Directors. In all cases, board members must be natural persons.

### **Article (17): Expiry of the Board Membership, Resignation, or Removal of its Members**

1. The board of directors shall call the Ordinary General Assembly to convene prior to the expiration of the board's term to elect a board of directors for a new term. If the election cannot be held and the term of the current board expires, its members shall continue to carry out their duties until a board of directors is elected for a new term, provided the members do not continue to carry out their duties beyond the period specified in the Companies Law Implementing Regulations.
2. The office term of the Board of Directors shall expire by the end of the defined period, or by expiry of the membership in accordance with any law or regulation worked under in the Kingdom, or because of death or resignation or conviction of a crime against honor and honesty. A member of the Board of Directors may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
3. If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the resigning board does not continue to carry out its duties beyond the period specified in the Regulations.
4. Upon the recommendation of the board of directors, the general assembly may terminate the membership of board member who fails to attend three consecutive or five non-consecutive board meetings without a valid excuse accepted by the Board.
5. The Ordinary General Assembly may, however, remove some or all Board members, and in such case, the Ordinary General Assembly shall elect a new Board or a replacement for the removed member, as the case may be, in accordance with the provisions of the Companies Law and its implementing regulations while observing the rules pertaining to Board members' removal set by the competent authority.

### **Article (18): The Vacancy in the Board of Directors**

If any position in the Board becomes vacant due to the death or resignation of a Board member, and if the minimum number of members required for the validity of board meetings as stipulated in these articles is not affected by such vacancy, then the Board of

Directors may (temporarily) appoint qualified person with relevant expertise to provisionally fill the vacancy, provided that the concerned authorities be informed accordingly within (fifteen) days from the date of such appointment and that such appointment be brought before the Ordinary General Assembly in its foremost meeting; and the member newly appointed shall complete the terms of his predecessor.

If the number of members of the Board of Directors falls below the minimum quorum for the validity of the meeting as stated in the Companies' Law or in this Bylaws, the rest of the Board members must call for the Ordinary General Assembly within (60) days to elect the number of members required.

**Article (19): Authorities of the Board of Directors and Forming the Committees**

- 1) **Authorities of the Board of Directors:** Subject to the authority given to the General Assembly, the Board of Directors shall have broader authorities in managing the Company and exercise all acts and perform all deeds falling within the Company's objectives provided for in its Articles of Association. It may, for instance, set-up industries complementary to the Company's industries or may participate with other establishments and/or individuals in setting up such industries; and may participate in any way whatsoever with individuals or companies practicing activities similar to those of the Company, or encouraging the realization of the company's objectives; or may purchase part or all of its stocks or shares, The Board of Directors has the right to conclude loans, no matter how long, and to sell or mortgage the Company's real estates or stores as it deems to achieve the interest of the Company. The Board of Directors may relieve the company's debtors from their dues if any absolute judgment or decision is passed or made to that effect by a competent authority, or if two years elapsed as of the date the debtors had failed to honor settlement, and the Board of Directors have deemed pursuing claim of such obligations is of no avail. The Board may as well, within the limits of its authority, authorize one or more of its members or third parties to undertake certain work or acts within the rules set by the relevant regulations.

The board of directors must obtain the approval of the general assembly for the sale of company assets the value of which exceeds 50% of the value of its total assets, whether the sale is made through one transaction, or more. In such case, the transaction which leads to the sale of more than 50% of the value of assets shall require the general assembly's approval. Said percentage shall be calculated from the date the first transaction is concluded within the previous 12 months. The Competent Authority may exclude certain acts and dispositions from this requirement.

- 2) **Forming the Committees:** The Board of Directors may form by its decision, the right number of committees in accordance with the relevant law's requirements and needs of the company. In addition, the Board shall have the authorities to specify the committees' scope of works or charters, procedures of its works, appointment and dismissal of its members and their remuneration in light of the applicable regulations and each committees' charter, mechanism of overseeing its works within the Governance Regulations decided by the Board in order to allow the Board to conclude its responsibilities efficiently.

## **Article (20): Remunerations of the Board and its Committees Members**

### **1) Remunerations of the Board of Directors:**

The remuneration of the Board members may consist of a fixed sum, an allowance for attending meetings, expense fees, in-kind benefits, a percentage of the Company's net profit; the remuneration may be a combination of two or more of those benefits. The remunerations of the Board members may vary in light of a policy set by the Remuneration and Nomination Committee and approved by the General Assembly. The Board of Directors' Report to the General Assembly during its annual meeting shall include a comprehensive statement of all the amounts received by the Board members during the fiscal year including remunerations, meeting allowances, expense allowances, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services. Such report shall also include a statement of the number of the Board meetings and the number of meetings attended by each member.

### **2) Remunerations of the Board's committees:**

The Board shall determine the remuneration of its committees, meeting allowances, and other benefits based on a policy approved by the Board based on recommendation of the Remuneration and Nomination Committee and approved by the Shareholders' General Assembly.

## **Article (21): Appointment of the Chairman, Vice Chairman, Managing Director or Chief Executive Officer, and the Board Secretary and their authorities**

- 1- The Board of Directors shall appoint, in its first meeting, from amongst its members a Chairman and a Vice Chairman, and it may appoint a Managing Director. It is prohibited to hold, at the same time, the position of Chairman of the Board and any other executive position in the Company.
- 2- The Chairman of the Board of Directors is the person responsible for the optimal management of the Board's works and improve its performance and develop its works. The Chairman is also responsible for taking the necessary measures to ensure that the Board carries out its responsibilities and functions in the light of this Bylaws and other relevant Laws, and to ensure that the members of the Board are aware of their role and responsibilities and committed to the powers of the Board of Directors, taking into consideration those powers that have been determined for the Company's executive management.
- 3- The Chairman of the Board of Directors shall have the power to call for a meeting of the Board of Directors and to chair the meetings, to certify the resolutions passed by the Board of Directors as well as the extracts taken therefrom, to prepare the meeting's Agenda, taking into consideration the subjects proposed by the Board members or the CEO, and to lead the Board Meetings and urge the members to participate effectively to achieve the planned goals of the company. The Chairman shall have the power to chair the General meeting, and delegate his authorities to the Vice Chairman and others also, the Chairman and the Vice Chairman shall have the right to empower others to attend the General meetings of the companies that the company owns share and vote on their

agendas on behalf of the company. The Board of Directors may appoint a CEO amongst its members or from outside the Board; the CEO or managing director shall implement the policy laid down by the Board of Directors or by the General Meetings of the Shareholders, adopt the resolutions necessary for the Company's interest, for the management of its business and the realization of its objectives, as well as other powers and authorities specified by the Board of Directors or by the Company's Bylaws. Also, the Managing Director (MD) (if appointed) or the CEO shall have the right to empower others to attend the General meetings of the Companies that it owns shares in, and to vote on their agendas on behalf of the Company.

Taking into account the responsibilities and powers of the Board of Directors and based on the Board's resolutions and the General Assembly's resolution, the Chairman, shall have the power to represent the company before third parties, judicial bodies Public Notaries, all courts including all its levels, judicial committees, arbitration committees, ministries, emirates, police departments, civil rights department, the Bureau of Investigation and Public Prosecution, Grievance Board, Department of Zakat and Income Tax, Saudi Arabian General Investment Authority, all official public and private departments, institutions and bodies, chambers of commerce and industry, banks, all governmental funds and financing institutions, and all private companies. The Chairman shall also have the right to authorize any of the Board members, or the CEO, or any of the Company's employees in all or part of the aforesaid powers, and gives the authority to empower others to person(s) to whom a Power of Attorney was given by the Chairman; also the Chairman has the right to cancel any authorization or power of attorney.

The MD (if appointed) or the CEO shall have the right to sign on behalf of the company all contracts, agreement, documents, and papers including but not limited to land deeds before public notaries, investment contracts, loan contracts, guarantees and indemnities, lands sale and purchase contracts, lands merge and acceptance contracts, as well as paying and receiving their prices after the approval of the Board of Directors. In addition, they have the right to sign rental and lease contracts, agency and franchise contracts, hedging contracts, and other contracts, agreements, documents, deals, and commitments. They may enter bids on behalf of the Company, incorporate companies, participate in any other companies of whatever type, sign their articles of association and all amendments thereto, even if it contains an increase or decrease in the capital, change of its activities, or any other amendments. Moreover, they may sell, giveaway and purchase shares and stocks, register the agencies and trademarks, , open, close, and manage bank and investment accounts, issue cheques, credits, withdrawals, deposits, issue all guarantees, mortgages, promissory notes, and any other commercial instrument. Furthermore, they may do all acts and actions, and anything that will help induce the Company's affairs and satisfies its objectives; and all of what the Board of Directors bestows upon them. They, also, may defend and prosecute on behalf of the Company, attend hearings, hear testimonials and witnesses, respond to them, admit, and deny them; reconcile, remission of debts, accept, and appeal decisions; and review their performance. They, may as well, appoint experts, attorneys, and arbitrators inside and outside the Kingdom of Saudi Arabia and dismiss them, empower others in any of the stated above. They also shall have the right to represent the Company in its relationship with others including the Ministries, the Emirates, the Police Departments, the General Authority of Zakat and Tax, the General Authority for Investment, all the official and private

departments and institutions, the chambers of commerce, banks, and all government funds and private companies of all types. They may delegate of those they deem appropriate under a formal mandate to carry out any of the aforesaid powers.

The remuneration of the Chief Executive Officer shall be determined by the Board of Directors, in accordance with recommendation from the remuneration and nomination committee.

The Board of Directors shall appoint from amongst its members or from others, a secretary who shall be responsible for pursuing the board's works, the board affairs and its subcommittees, drawing up the minutes of the meetings of the Board of Directors and for recording the resolutions in the Company's registers, and shall countersign it jointly with the

Chairman of the Board and follow up on their executions. The Secretary remuneration shall be determined in accordance with the resolution of the Board of Directors.

The office term of the Chairman, Vice chairman, MD (if appointed) or the Secretary shall not exceed the term of their respective membership in the Board. However, they may be re-appointed.

**Article (22): Meeting of the Board of Directors**

The Board of Directors shall convene at least (four) meetings per year upon the invitation of the Chairman or his representative. The invitation shall be in writing and may be sent to the members through modern technological means, such as e-mail, electronic portals or applications, or other means within a reasonable time prior to the date of the meeting. The Board shall determine the place of its meetings, and they may be held by means of modern technology.

The Chairman or his representative shall call the Board for a meeting whenever requested by a member of the Board to discuss a single matter or more.

**Article (23): The Quorum of the Board Meeting and Board Resolutions**

1) A Board meeting shall only be valid if attended by at least half of the Board members whether in person or by proxy; provided that the number of members present should not be less than three members, and a member may delegate another board member to attend on his behalf. In addition, the meetings may be attended through the modern technological means, and the member attended through such means, will be construed as physically attending, and in case, a member designated another member to act as his proxy, the designation shall be according to the following controls:

- a. No more than one proxy shall be given to any Director per meeting.
- b. Proxy shall be in writing whether through e-mail or any other means.
- c. Delegate should not vote on resolutions prohibited by the law.

2) Resolutions of the Board shall be passed by the majority votes of the Directors present or represented by proxy. In case of a tie, the side with which the Chairman of the meeting votes, shall prevail, and such resolutions shall become effective on the date of its

issuance, unless the decision provides for a specific date or condition for its effectiveness.

- 3) The members of the Board of Directors shall be held jointly liable in case the wrongful act is arising from a unanimous resolution passed by them. Nonetheless, in the resolutions adopted by majority vote, dissenting members will not be liable/questionable for, if such members explicitly record their dissent in the minutes of meeting. Absence from the meeting at which such resolution is adopted shall not constitute cause for relief from liability, unless it is proven that the absent member was not aware of such resolution or was unable to object to it upon becoming aware of it. The Company may provide a liability insurance coverage for its Board members, executive management, and and their direct reportees (whenever applicable)during the term of their service or membership against any claim made against them in their capacity as board members, managers, or directors.

The board of directors may issue decisions on urgent matters by circulation to all members, unless a member submits a written request for a board meeting to deliberate such matters. The decisions shall be passed by the majority vote of members, and such decisions shall be presented to the board of directors at its subsequent meeting to be recorded in the minutes of said meeting.

#### **Article (24): Deliberations of the Board of Directors Meetings**

Deliberations and resolutions of the Board of Directors shall be recorded in minutes prepared by the Board Secretary and signed by the Chairman of the meeting, present members, and the Board Secretary. A member of the Board of Directors must disclose to the Board any direct or indirect interest he/she may have in any transactions and contracts that are made for the account of the Company, and such disclosure must be recorded in the minutes of the meeting. Such member may not vote on the resolution to be issued in this respect. Modern technological means may be used for signing and recording deliberations, decisions, and minutes.



## CHAPTER FIVE: SHAREHOLDERS RIGHTS and ASSEMBLIES

### **Article (25): Shareholder's Rights and Assemblies Attendance**

- 1) All rights related to the share shall be reserved to shareholders, especially, the right to get a share of the profits that are decided to be distributed, the right to get a share of the Company's assets upon liquidation, the right to attend General Assemblies, and to participate in its deliberations and vote on its resolutions, the right to transfer the shares, the right to scrutinize the Board's transactions and file an action for liability against the Board members, the right to inquiry and request of information in a manner that would not harm the Company's interest and without conflict to CMA's laws and implementing regulations.
- 2) The General Assembly of the Shareholders shall be held in the city where the company's head office is located, either at the company's headquarters or in any other place. Each shareholder, regardless of the number of his shares, has the right to attend the General Assemblies of the Shareholders and may authorize another person who is not a member of the board of directors, and the authorized person may accept more than one of the shareholders of the Company to attend the meeting and vote on their behalf regardless of the number of shares represented at the meeting.

### **Article (26): Authorities of the Ordinary General Assembly**

Except for the matters falling within the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly shall have the jurisdiction over all matters related to the Company, and shall hold a meeting at least once a year within six months following the end of the Company's fiscal year. Other Ordinary General meetings may be called for whenever needed.

### **Article (27): Authorities of the Extraordinary General Assembly**

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, except for the matters that are not amended under the law; furthermore, the Extraordinary General Assembly shall have the power to issue resolutions pertaining to the matters that falling primary within the jurisdiction of the Ordinary General Assembly in the same conditions and terms specified for the Ordinary General Assembly.

### **Article (28): Invitation of the General Assemblies**

1. The General or special meetings of the Shareholders shall be held by an invitation of the Board of Directors, and the call for an assembly meeting shall be made at least (twenty-one) days prior to the date set for the meeting by publishing the invitation and agenda in the Saudi Exchange website (Tadawul) and the Company's website in accordance with the rules and controls set by the competent authority and the Companies Law.
2. The Board of Directors must call for the convention of the general assembly meetings within (thirty) days upon the request of the auditor or by a shareholder or a number of Shareholders representing at least 10% of the company's voting shares. The auditor may call for a meeting of the Ordinary General Assembly if the Board of Directors did not call for it within (thirty) days of the date of the auditor's request.

3. The General Assemblies' meetings may be held, and the shareholders may participate in the deliberations and voting on the resolution, by using modern technical means, in accordance with the regulations set by the Capital Market Authority (CMA).
4. The Audit Committee may request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

**Article (29): Quorum of the Ordinary General Assembly**

The Ordinary General Assembly Meeting shall not be valid unless attended by a number of Shareholders representing at least one-quarter of the Company's voting shares. If such quorum is not present at the first meeting, an invitation shall be sent for a second meeting to be held after a lapse of an hour from the preceding meeting, provided however, that the invitation for the first meeting shall indicate the possibility of holding the second meeting. The second meeting shall be deemed valid regardless of the number of the voting shares represented therein.

**Article (30): Quorum of the Extraordinary General Assembly**

The Extraordinary General Assembly Meeting shall not be valid unless attended by a number of Shareholders representing at least one-half of the Company's voting shares . If such quorum is not present at the first meeting, an invitation shall be sent for a second meeting to be held in the same manner set forth in the preceding Article hereof. The second meeting shall be deemed valid if attended by a number of Shareholders representing at least one-quarter of the voting shares. If the quorum required for the second meeting is not present, an invitation shall be sent for a third meeting to be held in the same manner as stated in the Companies' Law, and the meeting shall be valid regardless of the number of voting shares represented therein.

**Article (31): Voting in the General Assemblies**

Each shareholder shall have one vote with respect to each share in the Ordinary and Extraordinary General Assemblies, and cumulative voting shall be used in electing the Board, in which it is not allowed to use the voting right of a single share more than once. However, the members of the Board of Directors may not participate in voting on the resolutions of the Assembly in connection with absolving them from the management liability for their office terms, the resolution of Board members' remuneration, and resolutions relating to transactions and contracts in which they have direct or indirect interest or which involve a conflict of interest.

**Article (32): Resolutions of the Assemblies**

Resolutions of the Ordinary General Meeting shall be passed by the majority of voting rights represented in the meeting. The resolutions of the Extraordinary General Meeting shall be passed by (two-thirds) of voting shares represented in the meeting unless the resolution to be passed is relating to the increase or decrease of the Capital, , the dissolution of the Company, or the merger of the Company with another company, or division of the company into two companies or more. In such instances, the resolution shall not be valid unless passed by (three-quarters) of voting shares represented in the meeting.

**Article (33): Deliberations in the Assemblies**

Each Shareholder shall have the right to discuss the matters listed in the agenda of the General Assembly meeting, and pose question to the Members of Board of Directors. The Board of Directors or the Auditor shall answer those questions only to the extent where the Company's interest shall not be jeopardized. If according to the shareholder, the answer to his question is not satisfactory, he may appeal to the General Assembly whose decision shall be final.

**Article (34): Chairing the Assemblies and the Preparation of the Minutes**

The General Meeting shall be chaired by the Chairman of the Board of Directors or the Vice Chairman in the Chairman's absence, or by any such member as delegated by the Board of Directors from among its members present at the meeting, if the Chairman and the Vice Chairman absent in the Meeting. If none of the above is possible, the shareholders shall vote to designate a board member or any other person to chair the general assembly meeting.

The Chairman of the General Meeting shall appoint a secretary for the meeting and votes counter. Minutes of meeting of the General Assembly shall be prepared including the number of the Shareholders present in person or by proxy, the number of shares held by them whether in person or by proxy, the number of votes attached to such shares, the resolutions adopted, the number of votes supporting or opposing such resolutions, and a sufficient summary of the deliberations conducted during the meeting. After each meeting, all minutes shall be regularly recorded in a special register to be signed by the Chairman of the General of the Meeting, the Secretary and the votes counters.

## CHAPTER SIX: THE AUDITOR

### **Article (35): Appointment, Removal, and Resignation of the Company's Auditor**

1. The Company must have one auditor or more, from amongst those licensed to practice in the Kingdom. The Ordinary General Assembly shall appoint the auditor(s) and determine the fees, the term of office, and scope of work. The auditor may be re-appointed for a period not exceeding the maximum statutory period.
2. The auditor may be removed pursuant to the General Assembly's decision. The Chairman of the Board shall notify the Competent Authority of the removal decision and the grounds therefor within a period not exceeding (five) days from the decision date.
3. The auditor may resign pursuant to a written notice submitted to the company, and the resignation shall take effect from the date of its submission or at a later date as specified therein, without prejudice to the company's right to compensation for any damage it incurs, if justified. The resigning auditor shall, upon submission of the notice, provide the company and the Competent Authority with the reasons for the resignation. The company's manager or board of directors shall call the General Assembly to convene to review said reasons and appoint another auditor and his fees, term of office, and scope of work.

### **Article (36): Authorities of the Auditor**

The auditor shall at any time have the right to access to the Company's files, accounting records, and other supporting documents, and to request any information and clarifications as he deems necessary to verify the Company's assets, liabilities, and other matters that are within the scope of his work. The Chairman of the Board of Directors must enable the Auditor to perform his duties. If the Auditor encounters any difficulties in that regard, he shall set that in a report to be presented to the Board of Directors. If the Board fails to facilitate the auditor's tasks, the Auditor must request the Board to call for an Ordinary General Assembly to discuss the matter. If the Board fails to call for a meeting within (thirty) days from the date of the auditor's request, the auditor himself may call for a meeting.

## **CHAPTER EIGHT: THE COMPANY'S ACCOUNTS AND DISTRIBUTION OF PROFITS**

### **Article (37): Financial Year**

The Company's fiscal year shall commence as of the 1<sup>st</sup> of January, and shall end at 31<sup>st</sup> of December of every Gregorian year.

### **Article (38): Financial Documents**

- 1- The Board of Directors must, at the end of each financial year, prepare the financial statements of the Company, a report of its activities, and a balance sheet of the financial year that ended; the report shall contain the suggested means of distributing profits. The Board shall put these documents under the disposal of the Auditor at least (forty-five) days before the date of the annual General Assembly.
- 2- The Chairman of the Board or any member appointed by the Board, the Chief Executive Officer and the Chief Financial Officer, shall sign the documents referred to in clause (1) of this article, and publish the documents in the Saudi Exchange website (Tadawul) and the Company's website. Copies of these documents shall be filed in the Company's Head Office under full disposal of the Shareholders.
- 3- The Chairman of the Board shall publish the Company's financial statements, the Board of Directors' Report, and the Auditor's Report on Tadawul's website (twenty-one) days before the date of the General Assembly, and provide copies of these documents in accordance with the Implementing Regulations of the Companies Law.

### **Article (39): Creation of Reserves**

1. The Ordinary General Assembly may, when determining dividends from the net profit, decide to allocate reserves, in the amount that serves the Company's interests or ensures distribution of stable profits as much as possible to shareholders. The said Assembly may, as well, deduct from the net profits such amounts as required for social objectives for the company's employees, setting-up non-profit organizations, or supporting existing non-profit organization with the purpose of servicing the community.
2. The Ordinary General Assembly may, upon a recommendation by the board of directors, decide to use its reserves including reserves set per statutory requirements preceding the date of these Articles of Association approval for the benefit of the company or its shareholders. The Competent Authority may set the rules for using such reserves.

### **Article (40): Distribution of Dividends**

The General Assembly shall determine the percentage of the net profit to be distributed to the shareholders after deducting the reserves, if any, pursuant to the recommendation of the Board of Directors as required by the regulations in this regard and these Articles.

**Article (41): The Date of Eligibility of Dividends and Interim Dividends**

- 1) The shareholder shall be entitled to his share of dividends as per the General Assembly resolution issued in this regard in the recommendation of the Board of Directors. The resolution shall specify the eligibility date, and the distribution date. The entitlement of dividends shall be to the shareholders who registered in the shareholders' records at the end of the eligibility date, and the Board shall implement the General Assembly's decision regarding the distribution of profits according to the relevant regulations in this matter.
- 2) The Company may, under this Bylaws, distribute interim dividends (quarterly or biannual) to its shareholders after fulfilling the following requirements:
  - a. The issuance of a resolution by the General Assembly renewed annually authorizing the Board to distribute interim dividends.
  - b. The Company shall maintain regular positive profitability.
  - c. The Company shall have reasonable liquidity, and is able to reasonably foresee the scale of its profits.
  - d. The Company shall have distributable profits according to the latest audited annual financial statements sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized of the profits after the date of these financial statements.
- 3) The Board must include in its annual report submitted to the General Assembly of the Company, the percentage of dividends distributed to shareholders during different periods of the financial years in addition to the percentage of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts.
- 4) Disclose and announce the resolution to distribute dividends on Tadawul website immediately upon its approval by the Board of Directors.

**Article (42): Distribution of Shares and Preferred Shares**

- 1) If profits were not distributed for any financial year, profits for the next year will be distributed only after paying the percentage set forth in the Companies' Law to holders of Preferred Shares of that year.
- 2) If the Company fails to pay holders of Preferred Shares the specified percentage of the Company's net profits after deduction of reserves (if any) the percentage of the profits for three consecutive years, the Special Assembly of holders of Preferred Shares duly held in accordance with the Companies' Law, may decide either that such holders to attend the General Assemblies of the Company and participate in voting until the Company is able to pay all profits allocated to holders of such shares from all previous years. Each Preferred Share shall have one vote in the General Assembly, and the holder of a Preferred Share may, in this case, vote on all agenda items of the General Assembly without any exceptions.

**Article (43): The Company's Losses**

If the losses of the Company amount to half of the issued capital, the Board shall, within (sixty) days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within (one hundred-eighty) days from said date, call for an extraordinary general assembly meeting to consider the continuation of the company by taking measures necessary to resolve such losses or the dissolution of the company.

**CHAPTER NINE: DISPUTES**

**Article (44): Liability Action**

1. The Company may initiate a derivative action against a board members for any damage incurred by the company resulting from the violation of The Companies Law or these Articles from a wrongful act, negligence, or omission in the performance of their duties. The decision to initiate the action and to designate a representative on behalf of the company to pursue such action shall be made by the general assembly. If the company is under liquidation, the liquidator shall initiate the action. If any liquidation proceedings are initiated against the company under the Bankruptcy Law, the action shall be initiated by its legal representative.
2. A single p shareholder, or more, representing (5%) of the company's capital may initiate a derivative action on behalf of the company if such action is not initiated by the company, provided the action serves the interests of the company and is based on valid grounds, and the plaintiff is acting in good faith and is a shareholder in the company at the time of initiating the action.
3. To initiate the action referred to in paragraph (2) of this Article, the company's board members shall be notified of the intent to initiate the action at least (fourteen) days prior to the initiation date.
4. A shareholder may initiate a private right of action against the Board if the wrongful act attributed thereto results in a damage personally affecting him.

**CHAPTER TEN: Dissolution and liquidation of the Company**

**Article (45): Dissolution of the Company**

The company is terminated by one of the reasons for termination mentioned in the Companies Law, and upon its termination, the Company enters the process of liquidation in accordance with the provisions of the Companies Law. If a company is terminated and its assets are not sufficient to pay its debts, or if it is distressed under the Bankruptcy Law, it shall petition the competent judicial authority to initiate any liquidation proceedings under the Bankruptcy Law.

## CHAPTER ELEVEN: Final Provisions

### **Article (46): Companies Laws**

1. The company is subject to the regulations in forced in the Kingdom of Saudi Arabia.
2. Any provision that contradicts the provisions of the Companies Law in these Articles shall not be considered and the provisions of the Companies Law shall prevail. Anything not provided for in these Articles shall be subject to the Companies Law and its Implementing Regulations.

### **Article (47): Publishing**

This Bylaws shall be registered and published in accordance with the Company's laws and its Implementing Regulations.