



**Board Charter Governance**

<b>Table of Contents:</b>	
1	Introduction
2	Rights of Shareholders
3	The Board of Directors
4	Company Committees
5	Internal Control
6	The Company's External Auditor
7	Stakeholders
8	Professional and Ethical Standards
9	Disclosure and Transparency
10	Implementation of Corporate Governance
11	Retaining of Documents
12	General Provisions



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## Introduction

The Company's Governance Charter means the rules that regulate the management, direction, and control of the Saudi Telecom Company ("STC" or "Company"). The structure of the Corporate Governance regulates the various relationships between the Board of Directors, Executive Management, Shareholders, Stakeholders, etc. These Regulations establish rules and procedures to facilitate the decision making process in all the Company affairs and activities alongside the structure used to set objectives, means of achieving them, and also monitoring performance.

These Regulations have been prepared pursuant to the Saudi Companies Law issued by the Royal Decree No. (M/3) dated 01/12/1443H, the Corporate Governance Regulations issued by the Capital Market Authority 25/06/1444 and the Incorporation Document approved by the Company's General Assembly on 3/12/1444H corresponding to 21/6/2023).

These Regulations aim at achieving the optimal use of the Company assets and resources by creating a business environment of responsibility, control, and commitment based on clarity and transparency, whether in setting its goals, business, and strategic plans or in stating the rights and obligations of each of the Company entity, or in managing its relationship with suppliers, financiers, consumers, and authorities regulating it and its businesses. Such business environment shall interact with the framework of national regulations and laws applicable to the Company, and shall integrate therewith to protect the Company against any violation or infringement. These Regulations enhance transparency, impartiality and equity of the Company dealings.

## Part 1:Preliminary Provisions

### Article 1:Definitions

The following terms and expressions shall have the meanings they bear as follows unless the context requires otherwise, provided that the Corporate Governance Regulations shall be the main reference for any terms or expressions not herein defined:

- 1- Authority** :The Capital Market Authority.
- 2- Ministry**: The Ministry of Commerce.
- 3- Company**: stc (A Saudi Listed Joint Stock Company).
- 4- Board** : The Company's Board of Directors.
- 5- Chairman** : The Chairman of the Company's Board of Directors.
- 6- Directors** :The Company's Board Directors selected by Shareholders, and who form, as a whole, the Board of Directors
- 7- Non-Executive Director** :A member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily executive activities.
- 8- Executive Management** :Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Group Chief Executive Officer (GCEO) and his/her delegates and the Group Chief Financial Officer) (GCFO).
- 9- Company's Incorporation Document** :The Company's Articles of Association approved by the Company's General Assembly on 13/07/1438H (corresponding to (10/4/2017).
- 10- External Director** :A member of a Board committee who is not a Board Director or an Executive Management member.

### Article 2: Preamble

This Document state the rules and standards that regulate the management of the Company to ensure its compliance with the best governance practices that ensure the protection of shareholder's rights as well as the rights of Stakeholders

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### Article 3: Objectives of the Document

This Document aims at establishing an effective legal framework to govern the Company, and particularly aim at the following:

- 1- Enhancing the role of the Company's shareholders and facilitating the exercise of their rights.
- 2- Achieving transparency, impartiality and equity of the Company, its transactions, and the business environment, and enhance disclosure therein.
- 3- Developing a written policy to remedy conflicts of interest scenarios.
- 4- Enhancing accountability and control mechanisms for the Company's employees.
- 5- Establishing the general framework for dealing with Stakeholders and protecting their rights.
- 6- Supporting the effectiveness of the system for overseeing Company and the tools thereof.
- 7- Raising the awareness of Company personnel in respect of the concept of professional conduct and encouraging Company to adopt and develop such concept in accordance with its nature.
- 8- Complying with legal requirements issued from the Competent Authorities.

### Rights of Shareholders

#### Chapter 1: General Rights

#### Article 4: Fair Treatment of Shareholders

- a. The Board is obliged to seek the protection of shareholders' rights to ensure fairness and equality among them.
- b. The Board and the Executive Management of the Company are obliged not to discriminate among shareholders who own the same class of shares nor prevent them from accessing any of their legal rights.
- c. The Company shall specify in its internal Charters, policies, and procedures the controls that are necessary to guarantee that all shareholders exercise their rights.

#### Article 5: Rights Related to Shares

All rights related to shares shall be guaranteed to the shareholder, and particularly the following:

- 1- To obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares.
- 2- To obtain his/her share of the company's assets upon liquidation.
- 3- To attend the general or special shareholders assemblies, take part in their deliberations, and vote on their decisions.
- 4- To dispose of his/her shares in accordance with provisions of the companies law, capital market law and their implementing regulations.
- 5- To enquire and request viewing the books and documents of the company including the data and information related to activates of the company or breach of the companies law and the capital market law and their implementing regulation.
- 6- To monitor the performance of the company and the activates of the board.
- 7- To hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders 'Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the Incorporation Document of the Company;
- 8- Preemptive rights to subscribe for new shares issued in exchange for cash unless the Extraordinary General Assembly suspends the pre-emptive rights, if so provided for in the Company's Articles of Association, per Article( 128) of the Company's Law.
- 9- To record his/her name in the Company's shareholders' register;

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10- To request to view a copy of the Company's Incorporation Document and Articles of Incorporation unless the Company publishes them on its website.

11- To nominate and elect the Board members;

#### Article 6: Shareholder Access to Information

- a. the Company shall make available to the shareholders complete, clear, and accurate information not thus negatively affecting its interests.
- b. the Company shall make available a method to provide suitable information to the shareholders which shall fulfill required data and shall not be inconsistent with the Company's interests.
- c. the Company shall use the most effective methods in communicating with the shareholders.

#### Article 7: Communicating with Shareholders

- a. The Board shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company.
- b. The Chairman of the Board and the Chief Executive Officer shall inform the remaining Board members of the opinions of the shareholders and shall discuss such opinions with them.
- c. No shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless he/she is a member of its Board or its management team; or unless his/her intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board as per relevant laws.

#### Article 8: Electing the Board Members:

- a. Upon inviting the General Assembly to convene or publication of such invitation, the Company shall announce on the Saudi Stock Exchange website information about the nominees for the membership of the Board, which shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. The Company shall make a copy of the mentioned information available in the Company's head office and on its website.
- b. 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.
- c. Voting in the General Assembly shall be confined to the Board nominees whose information has been announced as per paragraph (A) of this Article.

#### Article 9: Distribution of Dividends

- a. The Company's Incorporation Document shall prescribe the percentage of the net profits to be distributed to the shareholders after setting aside the other reserves.
- b. The Board shall establish a clear policy for the distribution of dividends to achieve the interests of the shareholders and the Company as per the Company's Incorporation Document.
- c. The shareholder shall be entitled to receive his/her share of dividends as per the decision of the General Assembly in respect of the distribution of dividends to shareholders or the Board resolution of distributing interim dividends. The resolution shall specify the maturity date and the distribution date provided that the resolution shall be executed as per the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- d. Eligibility for dividends shall be for shareholders recoded in the shareholder's register at the end of the day specified for maturity.

### Chapter 2: Rights Related to the Meeting of the General Assembly

#### Article 10: Preamble

The General Shareholders Assemblies of the Company are competent in all of its affairs. A duly - constituted General Assembly represents all shareholders, as per legal procedures, in exercising their powers in respect of the Company. The General Assembly shall exercise its role in

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accordance with the provisions of the Companies Law and its Implementing Regulations and the Company's Incorporation Document.

#### Article 11: Competencies of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the following Competencies:

- 1- Amending the Company's Incorporation Document except for amendments which are deemed null and void pursuant to the provisions of the Companies Law.
- 2- Increasing the Company's share capital in accordance with the situations provided for in the Companies Law and its Implementing Regulations.
- 3- Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided for in the Companies Law and its Implementing Regulations.
- 4- Resolving to form a consensual reserve for the Company as provided for in its Incorporation Document to be set aside for a specific purpose, and the disposal thereof.
- 5- Resolving to maintain or liquidate the Company before the end of the term of existence specified in its Incorporation Document.
- 6- Approving the Company's shares buy-back.
- 7- Issuing preferred shares or approving their buying, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares as per the Company's Incorporation Document and the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- 8- Issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against such instruments or deeds.
- 9- Allocating shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them.
- 10- Suspending preemptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's Incorporation Document.
- 11- The Extraordinary General Assembly may issue resolutions that falls within the powers of the Ordinary General Assembly, provided that such resolutions are issued in accordance with the issuance requirements of the Ordinary General Assembly resolutions which require that the absolute majority of shares be represented at the meeting.

#### Article 12: Competencies of the Ordinary General Assembly

Except for the competencies reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in all affairs of the Company, and particularly the following:

- 1- Appointing and dismissing Board members.
- 2- Permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and its Implementing Regulations.
- 3- Permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations.
- 4- Monitoring the compliance of the Board members with the provisions of the Companies Law and its Implementing Regulations, other relevant laws, and the Company's Incorporation Document; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determining the liability

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resulting there from and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and its Implementing Regulations.

- 5- Reviewing the Company's financial statements.
- 6- Reviewing the Board's Report.
- 7- Deciding on the proposals of the Board with respect to the method of distributing the net profits.
- 8- Appointing the external auditors of the Company, specifying their remunerations , reappointing them, replacing them, and approving their reports.
- 9- Looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external auditors regarding their empowerment by the Company's Board or Management to review the books, records and other documents, statements, and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard.
- 10- Using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that using such reserve shall be based on a proposal submitted by the Board and used in ways that benefit the Company or the shareholders.
- 11- Forming other reserves besides the consensual reserve and disposal of same.
- 12- Setting aside amounts from the company's net profits to set up social organization for the benefit of the company's employees or to assist any such existing establishments in accordance with Article (129) of the company's law.
- 13- Approving the sale of more than (50%) of the assets of the company, whether in one or several transactions within a period of twelve (12) months from the date of the first selling transaction. In case selling these assets includes what falls within the power of the Extraordinary General Assembly, the approval of the said assembly shall be required.

#### Article 13: Shareholders' Assembly

- 1- The Ordinary General assembly shall convene in accordance with the situations and circumstances stated in the Companies Law and its Implementing Regulations and the Company's Incorporation Document.
- 2- The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year.
- 3- The General and Special Shareholders' Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and its Implementing Regulations and the Company's Incorporation Document. The Board shall invite the Ordinary General Assembly to convene within 30 days upon the request of the external auditor, the Audit Committee or a number of shareholders holding shares equal to at least 10% of the company's voting shares, The external auditor may invite the Assembly to convene if the Board does not invite the Assembly within thirty days - from the date of the external auditor's request.
- 4- The date, place and agenda of the General Assembly shall be announced at least twenty-one (21) days prior to the date thereof. The invitation shall be published on the website of the Exchange, and the Company's website In addition, the Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies or notify the shareholders by registered mail sent to the addresses registered in the shareholders' register. A copy of the invitation and the agenda shall be sent to the Ministry and the Capital Market Authority at the time of the announcement.
- 5- Shareholders shall be granted the opportunity to effectively participate and vote in the General Assembly meetings. The meetings of the General Assemblies of shareholders may be

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convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.

- 6- The Board shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meetings.
- 7- The Company shall ensure recording the details of the shareholders who desire to attend or who wish to be represented by a proxy at the Company's head office prior to the specified time for convening the assembly.
- 8- The Company may amend the agenda of the General Assembly within the period between publishing the announcement referred to in paragraph (4) of this Article and the date of convening the General Assembly meeting, provided that the Company shall announce this as prescribed in paragraph (4) of this Article.

#### Article 14 :The Agenda of the General Assembly

- 1- When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list. Shareholders holding no less than (10%) of the Company's shares that have voting rights shall be entitled to add one or more items to the agenda upon its preparation.
- 2- The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.
- 3- The shareholders shall be allowed through the Company's website and the Exchange's website ,when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the Board's Report and the external auditor ,the financial statements and the Audit Committee's Report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.
- 4- Shareholders must be given access to the data listed at disclosure record related to the Board directors and the Executive Management team.
- 5- The Authority may add any items it deems appropriate to the agenda of the General Assembly.

#### Article 15: Management of the Shareholders' Assembly

- 1- The Shareholders' General Assembly meetings shall be chaired by the Board Chairman, Vice-Chairman (if the Chairman is absent or whom is delegated by the Board of Directors of its members) when the Chairman and Vice-Chairman are absent. 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.
- 2- The chairman of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedure that may prevent their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.
- 3- Shareholders shall be entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board





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and/or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interests.

- 4- Shareholders shall be granted access to the minutes of the General Assembly meeting. Furthermore, the Company shall provide the Authority with a copy of such minutes within ten (10) days of the date of any such meeting.
- 5- The Company shall announce to the public and inform the Authority and the Exchange, as per the rules prescribed by the Authority, of the results of a General Assembly meeting immediately following its conclusion.

#### Article 16: Voting Rights

- 1- Voting is an essential and principal right of a shareholder. In addition, the Company must give shareholders the opportunity to vote without discrimination. Furthermore, shareholders shall be informed of the rules governing voting procedures and information related to voting rights on a regular basis, and shall avoid any procedure that may prevent their exercise of the voting right including imposing a financial amount for attending General Assembly meetings or voting on their decisions.
- 2- A shareholder may deputize – in writing – a person who is not a Board member or a Company employee, to represent him in attending the General Assembly meeting, provided that the proxy shall be treated as a principal upon discussion and voting.

### Part 3 :The Board of Directors

#### chapter 1: Formation of the Board

##### Article 17: Composition of the Board

Subject to the provisions of the Companies Law and its Implementing Regulations, the Company's Incorporation Document, and the policy of "Nomination & Remunerations Policy for the Board of Directors" approved by the General Assembly, the Company Board shall set its own procedures which shall take into consideration the composition of the Board and the conditions of appointment and membership.

##### Article 18: Issues Affecting Independence

- 1- An Independent Director shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company.
- 2- The Board shall regularly evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.
- 3- By way of example, and not limited to, the following negate the independence requirement for an Independent Director:
  - a. If he/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
  - b. If he/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group.
  - c. If he/she is a relative of any member of the Board of the Company, or any other company within the Company's group.
  - d. If he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
  - e. If he/she is a board member of another company within the group of the Company for which he/she is nominated to be a board member.
  - f. If he/she is an employee or used to be an employee, during the preceding two years, or any company within its group, such as external auditors or main suppliers or if he/she, during the preceding two years, held a controlling interest in any such parties.

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- g. If he/she has an essential dealing or activity with the company in a direct manner or as a partner or as a board member in a firm having an essential dealing therewith.
  - h. If the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its Committees that exceeds 200,000 Saudi Riyals or 50% of his last year remuneration that he received for his Board membership or its Committees whichever is less.
  - i. If he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account
  - j. If he/she engages in a business where he competes with the Company, or conducts businesses in any of the company's activities.
  - k. If he/she has been a Board member for over nine consecutive or separate years.
- 4- It is not considered negation of independence the activities and contracts approved by the Ordinary General Assembly for a Board Director's own interest if these activities and contracts were made with the same situations and conditions the Company follows for all contractors and dealers and within the Company's activity, unless the Remuneration Committee sees otherwise.

## **Chapter 2: Responsibilities and Competencies of the Board**

### **Article 19: Responsibility of the Board**

The responsibility of the Board shall be as provided for in the relevant laws and regulations.

### **Article :20 Competencies and Duties of the Executive Management**

Subject to the competencies entrusted to the Board pursuant to the provisions of the Companies Law and its Implementing Regulations, the Executive Management shall be responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its purposes. The competencies and duties of the Executive Management shall include the following:

- 1- Implementing the Company's internal policies and rules approved by the Board.
- 2- Suggesting the Company's comprehensive strategy as well as the principal and interim business plans and the policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them.
- 3- Proposing the most appropriate capital structure for the Company and its strategies and financial objectives.
- 4- Proposing the main capital expenditures of the Company and acquiring and disposing of assets.
- 5- Proposing the organizational and functional structures of the company and presenting them to the Board for approval.
- 6- Implementing internal control systems and procedures, and generally overseeing them, which include:
  - a. Implementing the conflicts of interest policy.
  - b. Correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports.
  - c. Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders.
- 7- Implementing the Company's Governance Document effectively, and proposing amendments thereto if needed.

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- 8- Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders.
- 9- Providing the Board with the information required to exercise its competencies and provide recommendations regarding the following:
  - a. Increasing or decreasing the share capital of the Company.
  - b. Dissolving the Company before the end of its term of existence as specified in its Articles of Association or deciding the continuity of the Company.
  - c. Using the consensual reserve of the Company if formed by the Extraordinary Assembly and is not allocated to a specific purpose.
  - d. Forming additional reserves or financial allocations for the Company.
  - e. The method for distributing the net profits of the Company.
- 10- Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares.
- 11- Preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board.
- 12- Managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form, maximizing profits and reducing expenses in accordance with the objectives and strategies of the Company.
- 13- Participating effectively in building and developing a culture of ethical values within the company.
- 14- Implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring competencies with the level of risk approved by the board.
- 15- Proposing and developing internal policies related to the business of the company, including specifying the duties, competencies and responsibilities assigned to the various or organizational levels.
- 16- Proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy.
- 17- Proposing the powers to be delegated to the Executive Management, the procedure for decision making and the period of delegation, provided that it shall present periodic reports to the board in respect to its exercise of such powers.

### **Chapter 3: Competencies of the Chairman and the Board Members**

#### **Article 21 : Competencies and Duties of the Chairman of the Board**

Without prejudice to the competencies of the Board, the Chairman of the Board shall be responsible for leading the Board and supervising its operations and the effective performance of its duties as provided in the Board of Directors' Charter which includes the duties of the Board members ,duties, and procedures of the Board activities.

#### **Article 22 : Appointing the Group Chief Executive Officer after the End of his/her Services as Chairman of the Board**

The Group Chief Executive Officer of the company may get appointed as Chairman of the company's Board of Directors during the first year following the end of his/her service.

#### **Article 23: Principles of truthfulness Honesty and loyalty**

Each member of the Board shall comply with the principles of truthfulness, honesty ,loyalty, and care of the interests of the Company and its shareholders, and prioritize their interests over his/her personal interests. This shall include ,in particular ,the following:

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- 1- Truthfulness** :is achieved when the relationship between the Board member and the Company is an honest professional relationship, and he/she discloses to the Company any significant information before entering into any transaction or contract with the Company or any of its affiliates.
- 2- Loyalty** :is achieved when the Board member avoids transactions that may entail conflicts of interest and ensures fairness of dealing, in compliance with the provisions relating to conflicts of interest in these Regulations.
- 3- Care** :is achieved by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law and their implementing regulations and the Company's Articles of Association and other relevant laws.

#### **Chapter 4: procedure of the board activities**

##### **Article 24: the Board Meeting**

Subject to the provisions of the Companies Law and its Implementing Regulations, the Board shall convene regular meetings to perform its duties effectively, and also hold meetings whenever needed as stated in the Board of Directors' Charter.

#### **Chapter 5 :Training, Support and Assessment**

##### **Article 25 :Training, Support, and Assessment**

The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programs required for such purpose as stated in the Board of Directors 'Regulation .In addition, the Executive Management of the Company shall provide the Board members ,the Non-Executive Directors in particular ,and the committees of the Company with all the necessary information, details ,documents and records, provided that they shall be complete, clear, correct and non-misleading ,in due course to enable them to perform their duties and obligations.

#### **Chapter6: Conflicts of Interest**

##### **Article 26: Dealing with Conflicts of Interest and Related Parties Transactions**

Subject to the provisions of the Companies Law and its Implementing Regulations ,conflicts of interest situations and Related Parties transactions shall be dealt with in accordance with the provisions stated in detail in the Conflicts of Interest Policy set by the Board. The Board shall develop an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members ,the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders. This policy shall provide examples of conflicts of interest situations that are relevant to the nature of the Company's activity and how to avoid such situations, duties of the Board members and prohibitions and the mechanisms of the nominee's disclosure of any conflict of interest, in addition to considering the concept of competition and its areas and requirements, cases of rejecting to grant the license ,organizing gifts acceptance matters, dealing with conflicts of interest, and deals of Related Parties.

#### **PART 4: Company Committees**

##### **Chapter 1: General Provisions**

##### **Article27: Forming the Committees**

Subject to Article (28) of these Regulations, the Board shall form specialized committees as follows:

- 1- As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
- 2- The formation of the committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties ,duration and powers of each

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committee, and the manner in which the Board monitors the activities of each committee. The committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties delegated to them.

- 3- Each committee shall be responsible before the Board for its activities .However ,this shall not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to such committee.
- 4- The number of members of a committee shall not be less than three or more than five.
- 5- The chairmen or whom they delegate of each committee members ,shall attend the General Assembly meetings and answer any questions raised by the shareholders.
- 6- The Company shall provide the Authority with the names of the members and the types of their memberships in such Board's committees within five (5) business days of their appointment, and shall notify the Authority of any changes thereto within five (5) business days of the date of such changes.

#### Article28 :Committees Membership

- 1- A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve a conflict of interest, such as ensuring the integrity of financial and non- financial reports ,reviewing Related Party transactions ,nomination to membership of the Board, appointment of Senior Executives and determining the remuneration .Chairmen and members of these committees shall comply with principles of truthfulness, honesty ,loyalty, and care and shall attend to the interests of the Company and its shareholders, and prioritize them over their personal interests.
- 2- The Board may appoint Non-Executive Directors in any of its committees who shall be of specialized experience in a specific field .The Board may approve of external members nominated by such committees without prejudice to provisions related to the Audit Committee stated in the Governance Regulations and the Company's Incorporation Document. The requirements and benefits applying to the committee members from the Board members shall also apply to such external member(s).
- 3- The Company shall take into consideration while forming the Remuneration and Nomination Committee that their members are of Independent Directors. The Board may appoint Non-Executive Directors or persons other than Board members either from shareholders or others , provided that the Chairman of the Committee mentioned in this paragraph is of the Independent Directors.
- 4- Chairman of the Board shall not be a member of the Audit Committee. He may be a member of other committees, provided that he is not the chairman of Nomination and Remuneration Committee.

#### Article29 :Studying Subjects

- 1- Each committee shall assess the matters that fall within its competency or those referred to it by the Board, and shall communicate its recommendations to the Board to issue decisions in connection therewith. The committees shall take decisions in regards to these matters if delegated by the Board, in pursuance to the Board of Directors' Charter.
- 2- The committees may seek assistance from any experts or specialists ,whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting. The minutes shall state the name of the expert and his relation to the Company or its Executive Management.

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- 3- The Board may, within the limits of its jurisdiction ,authorize one or more of its members , committees, or others to undertake a specific function or functions ,and may also grant them the right to deputize others.

#### Article30 :Committees Meetings

- 1- No member of the Board or the Executive Management, except the secretary or a member of the committee, may attend the meetings of a committee unless such committee requests his/her opinion or advice.
- 2- Committee meetings are valid if attended by a majority of its members .Resolutions of the committees shall be issued by a majority of the votes present and, in case of a tie ,the chairman of the relevant committee shall have the casting vote.
- 3- Committee meetings shall be documented and minutes prepared including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.

### Chapter2 :The Audit Committee

#### Article31 :Audit Committee Formation

An Audit Committee shall be formed by a resolution of the Board of Directors. Such Committee shall comprise from 3 to 5 members who shall be non-Executive Board Directors, whether from Shareholders or the others and one of its members should be specialized in finance and accounting, The Company's General Assembly shall, upon a recommendation of the Board, issue a charter for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members ,the means of their nomination , the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant .

### Chapter 3: Nomination and Remuneration Committee

#### Article 32: Formation of the Nomination and Remuneration Committee

The Company's Board shall, by resolution, set up a committee to be named the "Nomination and Remuneration Committee", which shall comprise no less than three members and no more than five members, provided that there shall be at least one Independent Director among them. As per the Committee Regulations and the policy of "nomination for STC Board of Directors, Board Committee Members, their remuneration, and the reward of the Executive Management" approved by the General Assembly, taking into consideration the mechanism of forming the committee, its Committee's competencies, powers, and responsibilities, The nomination procedures, publication of the nomination announcement, and nomination rights of shareholders, and managing the committee meetings.

### PART 5: Internal Control

#### Article 33: Internal Control System

The Board shall approve an internal control system for the Company to assess the policies and procedures related to risk management, implementation of the provisions of the Company's governance rules approved by the company and Compliance with the relevant laws and regulation. Such system shall ensure compliance with clear accountability standards At all executive levels in the company, and that related party transactions are implemented in accordance with the relevant provisions and controls.



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#### Article 34: Establishing Independent Units or Departments within the Company

- 1- For the purpose of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks, and for internal auditing.
- 2- The Company may utilize external entities to perform the duties and competencies of the units or departments of risk assessment, and management, and internal audit without prejudice to the Company's overall responsibility for those duties and competencies.

#### Article 35: Duties of the internal Audit Unit

An internal Audit Unit shall assess and monitor the implementation of the internal control system, and shall verify that the company and its employees comply with the applicable laws, regulation and instructions, and the company's policies procedures

#### Article 36: Formation of the Internal Audit Unit

The Internal Audit Unit shall be composed of at least one internal auditor whose appointment shall be upon recommendation by the Audit Committee. Such internal auditor shall be responsible before the Audit committee. The formation and operation of the internal Audit Unit shall take into consideration the following:

- 1- employees of such Unit shall be competent, independent and adequately trained, and shall not be entrusted with any other functions other than internal audit duties and internal control system.
- 2- the Unit shall report to the Audit Committee and shall be subordinate and accountable to it.
- 3- the remunerations of the Chief Audit Executive shall be determined by a recommendation of the Audit committee as per company's policies.
- 4- the Unit shall be given access to information and documents and shall be able to obtain the same without any restrictions.

#### Article 37: Internal Audit Plan

The Internal Audit Unit shall operate pursuant to a comprehensive audit plan approved by the Audit Committee. Such plan shall be updated annually. Key activities and operations, including the activities of Risk Management and Compliance Departments, shall be reviewed at least once annually.

#### Article 38: Internal (Guiding Article)

- 1- The internal Audit Unit shall prepare and submit a written report on its activities at least quarterly to the Board and the Audit Committee. Such report shall include an assessment of the company's internal control system and the final opinion and recommendations of the Unit. Such report shall also specify the procedures taken by each unit for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure.
- 2- The internal Audit Unit shall prepare a general written report to be submitted to the Board and the Audit Committee on the audit activities it carried during the fiscal year compared to the approved plans. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year.
- 3- The board shall specify the scope of the report of the Internal Audit Unit, based on recommendations from the Audit committee and the internal Audit Unit. The report shall include the following in particular:
  - a. Procedures for monitoring and overseeing the financial affairs, investments and risk management.

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- b. Assessing the developing of risk factors threatening the company and the existing systems, in order to confront radical or unexpected changes in the exchange.
- c. An assessment of performance of the Board and the Senior Management with respect to the implementation of internal control systems, including specifying the number of times the Board has been informed of control issues (including risk management) and a description of the method followed to address such issues.
- d. Failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the company's financial performance, and the measures taken by the company to address such failures particularly the issues disclosed in the company's annual reports and its financial statements
- e. The extent to which the Company has complied with the internal controls when determining and managing risks.
- f. Information describing the Company's risk management operations.

#### Article 39: Maintaining Internal Audit Reports

The Company shall keep records of the Audit reports and business documents, which shall clarify its l actions taken in their regard accomplishments, findings and recommendations and all actions taken in their regards

#### PART 6: the company's External Auditor

##### Article 40: Assigning the Audit Function

The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company's financial statement clearly and impartially express the financial position of the Company and its performance in the significant areas.

##### Article 41: Appointment of the External Auditor

The General Assembly shall appoint the Company's external auditor based on a recommendation from the Board, provided that the following requirements are met:

- 1- The nomination shall be based on a recommendation from the Audit Committee.
- 2- The external auditor shall be authorized by the Competent Authority meeting its requirements.
- 3- The external auditor's interests shall not conflict with the interests of the Company.
- 4- The number of nominees shall not be less than two.

##### Article 42: Duties of the External Auditor

The external auditor shall:

- 1- Owe the duties of loyalty and care to the company.
- 2- Notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises.
- 3- Request the Board to call for an Ordinary General Assembly meeting if the Board has not facilitated his mission, and shall be liable to compensate the company, the shareholders or third parties for the damages resulted from errors it commits in the course of its engagement. If an error is attributable to more than one external auditor, they shall be jointly responsible therefor.

#### PART 7: Stakeholders

##### Article 43: Regulating the Relationship with Stakeholders

The Board shall establish clear and written policies and procedures regulating the relationship with Stakeholders with the aim of protecting them and safeguarding their rights, which shall include the following, in particular:

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- 1- Methods to compensate stakeholders when their rights established by laws or protected by contracts are infringed.
- 2- Methods for resolving complaints for disputes that may arise between the company and the stakeholders.
- 3- Methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information.
- 4- Rules of professional conduct for company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with Stakeholders, provided that the Board shall establish mechanisms for supervising the implementation of such rules and compliance therewith.
- 5- The company's social contributions.
- 6- Ensuring that the Company's transactions with Board members and Related Parties are entered into on terms identical to the terms of transactions with Stakeholders without any discrimination or bias.
- 7- Stakeholders obtaining of information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient and shall be provided in a timely manner and on a regular basis.
- 8- Treating the company's employees pursuant to the principal of justice and equality and without discrimination.

#### Article 44: Reporting Non-Compliant Practices

The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations, taking the following into consideration:

- 1- Facilitating the method by which Stakeholders (including Company employees) report to the Board about the conducts and practices of the Executive Management that violate applicable laws, regulation and rules or which raise doubts as to the financial statements or internal control system or others whether such conducts or practices are against them or not and conducting the necessary investigation in that regard.
- 2- Maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialized committees.
- 3- Appointing an employee to receive and address complaints or reports sent by stakeholders.
- 4- Dedicating a telephone number or an email address for receiving complaints.
- 5- Providing the necessary protection to the stakeholders.

#### Article 45: Employee Incentives

The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The program shall particularly include the following:

- 1- Forming committees or holding specialized workshops to hear the opinions of the company's employees and discuss the issues and topics that are subject to important decisions.
- 2- Establishing a scheme for granting company shares or percentage of the company profits and pension programs for employees and setting up an independent fund for such program.
- 3- Establishing social organizations for the benefit of the Company's employees.

### **PART 8: Professional and Ethical Standards**

#### Article 46: Professional Conduct Policy

The Board shall establish a policy for professional conduct and ethical values at the company, which shall particularly take the following into consideration:

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- 1- Ensuring that each member of the Board, the Executive Management and employees perform his/her duties of loyalty and care to the company and undertake the measures that may protect the company's interests and contribute to its development and increase its value, and shall, at all times, prioritize the company's interests over his/her own interests.
- 2- A board member shall represent all shareholders of the company and take all actions to achieve the best interests of the company and its shareholders, while protecting the rights of the other shareholders rather than only the interests of the group that elected him.
- 3- Entrenching among the Board members and Senior Executives the principle of compliance with all relevant laws, regulations and instructions.
- 4- Preventing the Board members or the Executive management from abusing their positions with the aim of achieving benefits for himself/herself or a third party.
- 5- Ensuring that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests.
- 6- Establishing accurate, well-formed, and clear rules regulating the authority to access the company's internal information and timing to access it, in a way that prevents the board members, the Executive Management and others from making personal use or disclosing the same to any person, except within the prescribed limits or as permitted by law.

#### Article 47: Social Responsibility (Guiding Article)

The Board shall establish a social responsibility and social initiatives policy that guarantees a balance between the Company's objectives and those of the community for purposes of developing the social and economic conditions of the community.

#### **PART 9: Disclosure and Transparency**

##### Article 48: Policies and Procedures of Disclosure

Without prejudice to the Listing Rules, the Board shall set forth in writing the policies, procedures and supervisory rules related to disclosure pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, as the case may be, and their implementing regulations, taking into consideration the following:

- 1- Such policies shall include proper disclosure methods that enable the shareholders and other Stakeholders to access the financial and non-financial information pertaining to the company's performance and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position.
- 2- Disclosure to shareholders and investors shall be made without discrimination in a clear, correct and misleading, and in a timely, regular and accurate manner in order to enable shareholders and other Stakeholders to exercise their rights to the fullest extent.
- 3- The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.
- 4- Reporting rules shall be established and shall describe the information required to be disclosed and the method of its classification in terms of its nature, and the frequency of its disclosure.
- 5- The disclosure policies shall be reviewed periodically and their compliance with the best practices and the provisions of the Capital Market Law and its implementing rules shall be verified.

##### Article 49: The Board's Report

The Board's Report shall include the Board's operation during the last fiscal year and all factors that affect the company's businesses, and such Report shall include the following:



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- 1- Implemented and non-implemented provision of the corporate governance document issued by the Capital Market Authority, and Justifications therefor.
- 2- Names, qualifications, and experience of the Board and committee's members and Executive Management in addition to their current and previous jobs.
- 3- Name of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Boards of directors or managers.
- 4- Composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Director, or Independent Director.
- 5- Procedure taken by the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the company and its performance.
- 6- A brief description of the competencies and duties of the committees, such as the Audit Committee, the Nomination and Remuneration Committee indicating their names, names of their Chairman, names of their members, the number of their respective meeting, dates of those meetings and the members' attendance details of each meeting.
- 7- Where applicable, the means used by the Board to assess its performance, their performance of its committees and member and the external body which conducted the assessment and its relation with the company, if any.
- 8- Disclosure of the remuneration of the Board members and Executive Management as stated in Article of the Corporate Governance Document issued by Capital Market Authority (90).
- 9- Any punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance in the future.
- 10- Results of the annual review of the effectiveness of the internal control procedures of the company and the opinion of the Audit Committee with respect to the adequacy of the company's internal control system.
- 11- The Audit Committee's recommendation on the need for appointing an internal auditor for the company if there is no internal auditor.
- 12- The Audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment of performance or determining the remuneration of an external auditor, or the appointment, dismissal, assessment of performance or determining the remunerate on of the Group Chief Audit Executive, and acceptance of his resignation as well as justification for those recommendations and reasons for disregarding them.
- 13- Details of the company's social contributions, if any.
- 14- A list of the dates of the shareholders' General Assembly meeting held during the last fiscal year and the names of the Board members who attended them.
- 15- A description of the main scope of business of the company and its affiliates. If there are two or more, a statement showing each activity and how it affects the company businesses and results shall be attached.
- 16- A description of the company's significant plans and decisions including changes to the structure, expanding the company's operations or halting them and the future expectation.
- 17- Information on any risks facing the company operational, (financing or market related) and the policy of managing and monitoring such risks.
- 18- A summary in a form of table or graph showing the company's assets, liabilities and results of the last five fiscal years or since the incorporation date, whichever in shorter.
- 19- Geographical analysis of the company's revenues and its affiliates' revenue.

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- 20- Any material differences in the operational results compared to the preceding years results, along with any expectations announced by the company.
- 21- any inconsistency with the standards approved by Saudi Organization for Certified Public Accountants.
- 22- Name of each affiliate company, its capital, the company's ownership percentage therein, the main scope of business, country of operation and country of incorporation.
- 23- Details of shares and debt instruments issued for each affiliate company.
- 24- A descriptions of the dividends distribution policy.
- 25- A description of any interest in class of voting shares held by persons (other than the company's Board directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article (45) of listing Rules, together with any change to such interests during the fiscal year.
- 26- A description of any interest, contractual securities or rights of issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its affiliates, and any change on these interest or rights during the last fiscal year.
- 27- Information on any loans (payable upon request or not), a statement of the total indebtedness of the Company and its affiliates, any amounts paid by the Company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there are no debts, a declaration thereof shall be presented.
- 28- A description of the class and number of any convertible debt instruments, contractual securities, warrants or similar rights issued or granted by the Company during the fiscal year, as well as stating any compensation obtained by the Company in this regard.
- 29- A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company
- 30- Description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.
- 31- The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees.
- 32- The number of Company's requests of shareholders records, dates and reasons thereof.
- 33- A description of any transaction between the Company and any Related Party.
- 34- Information relating to any business or contract to which the Company is a party and in which a Board Director of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the company must submit as statement to that effect.
- 35- A description of any arrangement or agreement under which a Board Director or a senior Executive of the company has waived any remuneration.
- 36- A description of any agreement under which a shareholder of the company has waived any rights to dividends.
- 37- A statement of the value of any paid and outstanding statutory Payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor.
- 38- A statement as the value of any investments made or any reserves set up for the benefit of the employees of the company.
- 39- Declarations that:

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- a. Proper books of account have been maintained
  - b. The internal control system is sound in design and has been effectively implemented
  - c. There are no significant doubts concerning the company's ability to continue its activity.
- 40- if the external auditor's report contains reservations on the annual financial statements, the Board's report shall highlight this mentioning the reasons and any relevant information.
- 41- If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation.

#### Article 50: The Audit Committee's Report

- 1- The report of the Audit Committee shall include details of its performance of its competencies and duties stated in the companies laws and its Implementing Regulations, provided that the said report shall contain its recommendation and opinion on the adequacy of the financial and internal control systems and risk management systems in the company
- 2- The Board shall make available sufficient copies of the Audit Committee's Report at the company's head office and publish them on the company's and the exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get copy therefor. Summary of the report shall be read at the General Assembly.

#### Article 51: Disclosure by the Board Members

The Board shall regulate the disclosures of each of its members and the member of the Executive management, observing the following:

- 1- Maintaining a register for the disclosures of the Board members and Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulation.
- 2- Marking such register available for review by the Company's shareholders free of charge.

#### Article 52: Disclosure of Remunerations

The Board shall:

- 1- Disclose the remuneration policy and the method by which remuneration of the Board and Executive Management are determined.
- 2- Explain the relationship between remunerations granted and applicable remunerations policy highlighting any significant deviation from such policy Board
- 3- Provide an accurate, transparent and detailed disclosure in the board's report on the remuneration granted to the board members and executive management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the company, the value of the shares shall be the market value on the due date.
- 4- A description of necessary details with respect to the remuneration and compensation granted to each of the following separately:
  - a. Board members.
  - b. Five Senior Executives who have received the highest remuneration from the company; provided that the Group Chief Executive Officer and Group Chief Financial Officer are among them.
  - c. Member of committees.

The disclosures in this Article and in the Board's Report shall be pursuant to the adhoc schedule.

## **PART 10: Implementation of Corporate Governance**

### **Article 53: Implementation of Effective Governance**

The Board shall establish governance rules for the Company in accordance with the provisions of this document and shall monitor their implementation, verify their effectiveness, and amend them as necessary. To that end, the Board shall:

- a. Verify that the Company is in compliance with such.
- b. Review and update the rules pursuant to statutory requirements and best
- c. Review and develop codes of professional conduct representing the Company's values and other internal policies and procedure in order to fulfill the company's requirements and in accordance with best practices.
- d. Regularly inform the board members of the developments in corporate governance and best practices, or authorize the Audit Committee or any other committee or department to undertake this task.

## **PART 11: Retaining of Document**

### **Article 54: Retaining of Document**

The company' shall retain all minutes, documents, reports and other papers required to be maintained at the company's head office for at least ten years as per these Regulation. This shall include the Board's Report and Audit Committee's Report. Without prejudice to this period, the company in case of any lawsuit (filed or threatened to be filed) or any ongoing claim or threatened to be made or any investigation relating to those minutes, documents, reports and other papers shall maintain them until the end of the ongoing lawsuit, claim or investigation.

## **PART 12: General Provisions**

### **Article 55: General Provisions**

- 1- This document shall be effective as of the date of being approved by the board and on articles of this document shall be amended, comitted, or added thereto except upon the board's approval
- 2- This Document shall be complementary to the Company's Incorporation Document, the Board of directors, the board's committee' charters, and other related laws.
- 3- This Document shall supersede and replace any and all procedures, decisions, or bylaws of the Company which are inconsistent therewith.
- 4- The relevant laws and regulations issued by the Competent Authorities shall apply to whatever is not herein provided for.
- 5- The delegation of authorities must be within a specific and clear scope of work and be documented and specified with a clear time period.
- 6- All delegation decrees issued by the Board of Directors and its standing Committees expires with the dissolution of the Board unless a time limit is specified. Such decrees shall continue to be obligatory until the new set of Board of Directors decide what deems to be fit either by continuation, modification, or cancellation.