



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Corporate Governance Regulations

(In accordance with the new Companies Law, Corporate Governance Regulations, issued by the CMA on **18-01-2023**, and Regulatory Rules and Procedures issued pursuant to the Companies Law, and based on the new Articles of Association of Fitaihi Holding Group and all subsequent amendments)

May, 2023

Part 1: Introductory Provisions

Article 1: Definitions

The following words and expressions shall have the meanings ascribed thereto hereunder unless the context requires otherwise.

Company Fitaihi Holding Group

Guide: Means the corporate governance rules and standards guide for Fitaihi Holding Group.

Companies Law: the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H, and all subsequent amendments.

Capital Market Law: the Capital Market Law issued by Royal Decree No. (M/30) dated 02/ 06/ 1424 H, and its regulations and instructions, and all subsequent amendments.

Rules on the Offer of Securities and Continuing Obligations: Rules on the Offer of Securities and Continuing Obligations issued by the CMA.

Authority: The Capital Market Authority. (CMA)

The Exchange: The Saudi Stock Exchange (Tadawul)

Corporate Governance (Definition of the Capital Market Authority): Rules to lead and guide the Company and include mechanisms to regulate the various relationships between the Board, Executive Directors, shareholders and stakeholders by developing rules and procedures to facilitate the resolution making process and add transparency



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

and credibility to it with objective of protecting the rights of shareholders and stakeholders and achieving fairness, competitiveness and transparency on the Exchange and the business environment.

Corporate Governance (Additional definition by our Company): The regulations, controls and procedures which govern the relationships between the Executive Management, the Board, shareholders and stakeholders which are based on basic values such as transparency, accountability, responsibility and fairness.

Articles of Association (AoA): The amended and approved Articles of Association of the Extraordinary General Assembly of the shareholders of the Company on 00/05/2023, and its subsequent amendments.

(For Guidance) Articles: They are not binding on the Company in all cases; except when approved by the Regulatory Authorities. Until then, the Company may or may not apply what is stated in those guiding articles, in whole or in part, and according to what it deems appropriate. The Company may stop applying these guiding articles, if used by it, without any responsibility as long as the Regulatory Authorities do not require the application of those articles.

Note: Reference is always made to the list of terms used in the Rules and Regulations of the Capital Market Authority. In the event that any text contained in this guide contradicts what has been or will be stated in the mandatory statutory regulations or the Company's **Articles of Association**, the mandatory provisions of the Rules and Regulations automatically and obligatorily shall replace the violating texts in this guide in full.

Article 2: Preamble

This guide deals with the governance principles of Fitaihi Holding Group Company. Corporate governance principles shall mean: “**Rules, laws and procedures that ensure and achieve the best protection and balance between the interests of the Members of Board, directors, shareholders, and other stakeholders**”. Other stakeholders shall include employees, suppliers, customers, banks, other lenders, and community.

The concept of corporate governance shall be based on basic values such as transparency, accountability, responsibility and fairness.

These rules and standards mentioned in this guide shall be complementary to the texts contained in the guiding regulations for corporate governance issued by the Board of the Saudi Capital Market Authority.

On the other hand, the objective of setting these rules and standards is for Fitaihi Holding Group to seek to implement these rules and abide by them due to the many interests it will achieve, not only for the Company, but for the public investment climate.

In preparing this guide, we took into account the combination of the principles of guidance and control within Fitaihi Holding Group and the articles or paragraphs contained in the Saudi Companies Law, the Company's Articles of Association, the Rules on the Offer of Securities and Continuing Obligations, the Corporate Governance



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Regulations issued by the Capital Market Authority in KSA, the circulars of The Ministry of Commerce, the Capital Market Authority, and other related laws.

The rules and standards included in this guide has been presented to the Company's shareholders assembly for approval, and then an implementation plan will be approved internally, and another one to amend or add some aspects if necessary, upon application, and in line with the surrounding circumstances and the laws and regulations issued by the relevant official authorities in KSA.

The Company's Board of Directors hopes that the rules and standards of this guide shall build a strong system to work through to direct and control the Company, in a way that prepares the Company for continuous advancement.

These Rules & Regulations of the Company are amended and updated by the Board of Directors of the Company, and automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, the internal rules.

The Governance Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.

In the event that the Board of Directors approves an amendment/s to the Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.

In case of absence or any text contained in this guide violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in this guide.

Article 3: Objectives of the Regulations

- 1) Enhancing the role of the Company's shareholders and facilitating the exercise of their rights;
- 2) Stating the competencies and responsibilities of the Board and the Executive Management
- 3) Enhancing the role of the Board and the Committees and developing their capabilities to enhance the Company's decision-making mechanisms.
- 4) Providing effective and balanced tools to deal with conflicts of interest
- 5) Enhancing accountability and control mechanisms for the Company's employees
- 6) Establishing the general framework for dealing with Stakeholders and protecting their rights;



Part 2: Rights of Shareholders
Chapter 1: General Rights

Article 4: Fair Treatment of Shareholders

- A) The Board shall be obliged to seek shareholders' rights protection to ensure fairness and equality among them.
B) The Board and the Executive Management of the Company shall be obliged not to discriminate among shareholders who own the same class of shares nor prevent them from accessing any of their rights.
C) The Company shall specify in its internal policies the procedures 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 receive a share in the profits decided to be distributed, whether such distribution is made as cash payment or through the issue of bonus shares to non-employees of the Company and its subsidiaries.
- 2- To receive a share in the Company's net 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 their own shares only in accordance with the provisions of the Law.
- 5- To inquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy, without prejudice to the confidentiality of the information and the right of the Company to keep its own information, especially if the shareholder requesting the information is a competitor to the Company, and without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations.
- 6- To monitor the activities of the Board of Directors, file a liability lawsuit against the Board Members, and challenge the validity of resolutions of General and Special Meetings.
- 7- Preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's Articles of Association or when the Extraordinary General Assembly suspends the pre-emptive rights as per the relative articles in the Companies Law.
- 8- To record his/her name in the Company's shareholders register.
- 9- To request to view a copy of the Company's memorandum of association and Articles of Association unless the Company publishes them on its website.
- 10- To nominate and elect the Board Members



Article 6: Shareholder Access to Information

- 1- The Board shall provide complete, clear and accurate information to the shareholder to enable him/her to properly exercise his/her rights. Such information shall be provided at the proper times and shall be updated regularly.
- 2- The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain.
- 3- The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

Article 7: Communicating with Shareholders

- 1- 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.
- 2- The chairman of the Board and the Chief Executive Officer shall inform the remaining Board Members of the opinions of the shareholders and discuss these opinions with them
- 3- 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.

Article 8: Electing the Board Members

- A. Upon calling for the General Assembly, which will elect the Members of the new BOD, the Company shall announce on the Exchange website information about the nominees for the membership of the Board, provided that this information shall include details of 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 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: Dividend Policy

- A) The Company's top priority is to ensure the liquidity needed to meet all operating and investment expenses and future expansions of the Company, taking into account the prevailing conditions in the Company, future



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

investment patterns, the Company's growth and the economic climate, as well as the amount of available liquidity, the financial needs of the Company, and the available investment opportunities.

- B) The General Assembly shall determine the quota to be disbursed to shareholders from the net profits after deduction of reserves, if any.
- C) Dividends are disbursed annually from the distributable profits, and then the Company's annual net profits are disbursed after deducting all general expenses and other costs, if the Board of Directors recommends this. The Company's annual net profits are disbursed as follows:
- 1) A percentage of the net profits shall be set aside to form the statutory reserve of the Company, and the Company may decide to stop this procedure of setting aside when the mentioned reserve reaches (30%) of the paid-up capital.
 - 2) The Ordinary General Assembly, upon a proposal from the Board, may set aside a percentage of the net profits to form reserves and allocate them for one or more specific purposes. These reserves will be used based on a proposal from the Board of Directors and in aspects that benefit the Company or the shareholders.
 - 3) The General Assembly may decide to create other reserves, to the extent that it serves the interest of the Company or ensures that fixed profits are disbursed as much as possible to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.
 - 4) After that, a percentage of no less than (1%) of the Company's paid capital shall be distributed to the shareholders.
- A) The Company's BOARD may also take a resolution to disburse interim dividends to the shareholders of the Company on a semi-annual or quarterly basis, and according to the applicable laws and regulations.
- B) Upon taking a resolution to disburse interim dividends to shareholders by Board, the Company shall disclose this in the market and **send a copy of this resolution to the CMA.**
- C) The shareholder shall be entitled to his share in the profits according to the General Assembly resolution issued regarding the disbursement of dividends to shareholders, or BOARD resolution to disburse interim dividends, and the resolution specifies the due date and the date of disbursement. Eligibility for dividends shall be for shareholders registered in the Company's shareholders register at the Securities Depository Center (Depository Center) **at the end of the second trading day following the due date.**



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- D) The BOARD shall implement the resolution of the General Assembly or BOARD regarding the disbursement of dividends to the registered shareholders within (15) days from the due date of these profits specified in the resolution of the General Assembly or in the resolution of BOARD to disburse interim dividends.

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

Article 10: Preamble

General Shareholders Assemblies of the Company are competent in all of its affairs. A duly-constituted General Assembly represents all shareholders in exercising their powers in respect of the Company. The General Assembly shall exercise its role in accordance with the provisions of the Companies Law and Its Implementing Regulations and the Company's Articles of Association.

Article 11: Competencies of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the following Competencies:

- 1) Amending the Company's Articles of Association, 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 by 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 by the Companies Law and Its Implementing Regulations;
- 4) Resolve the use of the reserve allocated, in the Company's Articles of Association, for specific purposes;
- 5) Resolving to maintain or liquidate the Company before the end of the term specified in its Articles of Association;
- 6) approving the Company's shares buy-back;
- 7) Issuing preferred or redeemable shares or approving their buying, or converting, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares as per the Company's Articles of Association and the Executive Regulations of the Company's Law for the 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 these instruments or deeds;
- 9) Allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them;



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 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 Articles of Association.

The Extraordinary General Assembly may issue resolutions that fall within the powers of the Ordinary General Assembly, provided that such resolutions are issued in accordance with the issuance requirements of Ordinary General Assembly resolutions which require that the majority of voting rights 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) Electing, appointing, and removing 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 and other relevant laws and the Company's Articles of Association; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and Its Implementing Regulations;
- 5) Reviewing and discussing the Company's financial statement for the fiscal year ended;
- 6) Reviewing and discussing the Board Annual Report on the fiscal year ended, if any;
- 7) Deciding on the proposals of the Board with respect to the method of distributing the profits, if any;
- 8) Appointing the external auditor of the Company, specifying their remunerations, reappointing them, or dismissing them;
- 9) Discussing the auditor's report - if any - and deciding on it.
- 10) 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;
- 11) Resolving to withhold from setting aside statutory reserve when it reaches an amount equal to (30%) of the Company's paid share capital, and resolving to distribute the surplus of such percentage to the Company's shareholders in financial years where the Company does not generate net profits;
- 12) Using the Company's reserve, if such reserve 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;
- 13) Form the Company's reserves and determine their use;



مجموعة فتحي القابضة
FITAIHI HOLDING GROUP

- 14) Setting aside amounts from the Company's net profits to achieve social purposes for the Company's employees, according to what is stated in the Companies Law;
- 15) Approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required.
- 16) Resolve the use of the Company's reserves if they are not allocated for a specific purpose in the Company's Articles of Association, provided that the use of these reserves is based on a proposal from the Board of Directors and in the aspects that benefit the Company;

Article 13: Shareholders' Assembly

- a) 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 Articles of Association.
- b) The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year.
- c) 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 Articles of Association. The Board shall invite the Ordinary General Assembly to convene within (30) days from the date of 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 shares that have voting rights. The external auditor may invite the Ordinary General Assembly to convene if the Board does not invite the assembly within (30) days from the date of the external auditor's request.
- d) The date, place and agenda of the General or Private Assembly shall be announced at least (21) prior to the date thereof; the invitation shall be published in accordance with the controls determined by the regulations, taking into account the following:
 - 1- Publishing the invitation through modern technology means, as specified by the regulations.
 - 2- Send the invitation to the CMA.
- e) The Company may amend the agenda of the General Assembly within a period between publishing the announcement referred to in paragraph (d) of this Article and the date of convening the General Assembly meeting, provided that the Company shall announce this as prescribed in paragraph (d) of this Article.
- f) 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 convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Executive Regulations of the Company's Law for the Listed Joint-Stock Companies.
- g) 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 meeting.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- h) The Company shall ensure recording the details of the shareholders who desire to attend at the Company's head office or those wishing to delegate others and informed of this.
- i) The chairman of the General Assembly has to announce the results of the GA Meeting before its end.
- j) The annual Ordinary General Assembly shall be held at least once within the [six] months following the end of the Company's fiscal year. The agenda of the GA shall include the following items at least:
- 1- Examining and discussing the financial statements for the fiscal year ended;
 - 2- Reviewing and discussing the report of the Board of Directors for the fiscal year ended;
 - 3- Discussing the auditor's report for the fiscal year ended -if any- and making a decision thereon; and
 - 4- Deciding on the proposals of the Board of Directors on the distribution of profits, if any.
 5. Appointing the Company's auditors, determining their remuneration, re-appointing them, and removing them.

Article 14: The Agenda of the General Assembly

- a) When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list. One or more shareholders representing at least [10%] of the Company's shares that have voting rights may add one or more topics to the agenda when preparing it, and the competent authority may amend such a ratio.
- b) 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.
- c) 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 reports of the Board and the external auditor, the financial statements and the audit Committee's Report in order to enable them to make an informed resolution in this regard. The Company shall update this information in case the General Assembly's agenda was amended.
- d) The CMA may add any items deem appropriate to the agenda of the General Assembly.

Article 15: Management of the Shareholders' Assembly

- a) The Shareholders' General Assembly meetings shall be chaired by the chairman, his deputy (if the chairman is absent). In the event that the chairman and the deputy chairman of the Board are both absent, the General Assembly shall be chaired by the Board Members or third parties chosen by the shareholders by voting.
- b) 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 preventing 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.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- c) Shareholders are 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 or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest.
- d) Shareholders shall be granted access to the minutes of the General Assembly meeting; and the Company shall provide the CMA with a copy of such minutes within (10) days of the date of any such meeting.
- e) A Company shall announce to the public and inform the CMA and the Exchange, as per the rules prescribed by the CMA, of the results of a General Assembly meeting immediately following its conclusion.
- f) A shareholder may delegate -in writing- another person who is not a Member of BOARD and who is not a Company employee to attend the General Assembly meeting, provided that the agent shall be treated in the same way when discussing and voting as the principal. Authorization form and its procedures shall be in conformity with what is stated in the regulatory controls and procedures issued in order to apply the Companies Law and related to the listed joint stock companies.

Article 16: Voting procedures in shareholders' Assembly

- a) The Board shall decide the appropriate procedures for organizing the General Assembly meetings and voting on the items included in the agenda.
- b) When taking procedures and processes related to the General Assembly meeting, all shareholders shall be treated on an equal level, including the following:
 - 1) Early notice of the date and place of the General Assembly meeting.
 - 2) Introduce the provisions and methods of voting for the General Assembly, including information related to voting by proxy. And to provide sufficient time for a proposal to add a clause to the agenda.
 - 3) Shareholders holding at least (10%) of the Company's shares that have voting rights, or as specified by the regulations, shall be entitled to add one or more items to the agenda upon its preparation.
 - 4) The meeting technology can be used via teleconference and electronic voting, in order to enable shareholders to participate in the General Assembly meetings easily.
 - 5) Shareholders shall be given the opportunity to participate positively and effectively in voting on issues of general assemblies, with the need to inform them of voting rules and procedures, in addition to the following:
 - a) Inform the shareholders of the agenda, date and place of the General Assembly. (Through publishing on the Tadawul website and the website of the Company).
 - b) Provide the opportunity for shareholders to ask questions to the Board and propose, before sufficient time, to include items on the agenda of the General Assembly, provided that this is subject to specific restrictions according to the vision of the Board, the chartered accountant, and the Capital Market Authority.
 - c) The shareholders shall vote when they are present in person or through the authorization of another stakeholder on their behalf if they cannot attend, and all votes - present or represented - shall be equal and shall have the same rights.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- d) The General Assembly shall be headed by the Chairman of BOARD or his representative in case of his absence, and the chairman shall appoint a secretary for the meeting and two shareholders or others to collect and count votes, and at the meeting a minutes shall be drawn up showing the number of shareholders attending in person or represented, the number of shares held by them in propria persona or by proxy and the number of votes to which they are entitled, the resolutions issued and the number of affirmative or dissenting votes, and an in-depth summary of the discussions made at the meeting. Following each meeting, the minutes shall be regularly recorded in a special register to co-be signed by the Chairperson, the Secretary of the Meeting and vote collectors.
- e) Before the end of the meeting, the chairman of the assembly- or whoever he delegates- recites the summary of the resolutions and results of the assembly to the shareholders who attended the meeting.
- 6) All Members of the Council and Committees shall be keen to attend the General Assemblies meetings to ensure their effectiveness and success, as follows:
 - A- The Board chairman or whomever the delegates shall chair the General Assembly meeting.
 - B- It is better for all Board Members and Committee chairmen to attend the General Assembly meetings, especially the Members who chair the various Committees, to respond to shareholders' inquiries that may arise during discussions.
 - C- The external auditors shall attend the General Assembly meetings to answer shareholders' inquiries regarding the financial statements and other financial matters.

Article 17: Shareholder Voting Methods

- 1) Votes in the ordinary and extraordinary general assemblies shall be calculated on the basis of one vote per share.
- 2) The resolutions of the extraordinary General Assembly shall be issued by a majority of two-thirds of the shares represented in the meeting unless the resolution is related to increasing or reducing the capital, extending the term of the Company or dissolving it before the expiration of the term specified in its Articles of Association or the incorporation of the Company into another Company or institution, the resolution shall not be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.
- 3) Members of the Board of Directors may not vote on the resolutions of the General Assembly relating to relieving them of their liability for their management, or business transactions and contracts in which they have a direct or indirect interest or that involving a conflict of interest.
- 4) The Board of Directors shall record the decisions of the Extraordinary General Assembly in the Commercial Registry, within the statutory period, and publicize them in accordance with the provisions of the Companies Law if they include an amendment to the Articles of Association of the Company.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5) The resolution of the General Assembly shall be effective from the date of its approval, except for cases where the Articles of Association of the Company, the Company's internal policies or regulations, or the issued resolution are linking its validity to a later time or certain procedures.

Article 18: Shareholders Voting Powers

The corporate Governance Regulations and the Company's Articles of Association shall preserve the rights of shareholders in terms of their positive participation in voting during General Assembly being held. The shareholders shall have the right to vote on all matters pertaining to the General Assembly, especially the following:

- 1) Electing and dismissing members.
- 2) Adopting increasing or decreasing the Company's capital and the method for doing so.
- 3) Any amendments to the Articles of Association or memorandum of association of the Company.
- 4) Extraordinary deals, including asset transfer, Company sale, merger or acquisition of other companies.
- 5) Distribution of profits, and how to deduct and distribute them.
- 6) Any proposed change in the Company's policy may negatively affect the value of the share or destabilizes the interests of shareholders.

Article 19: Vote by Proxy

- 1- A shareholder may delegate another person (shareholder or non-shareholder) on his behalf, who is not a Member of the BOARD to attend the General Assembly, and in accordance with the terms of powers of attorney approved by the Capital Market Authority. Shareholders may vote by proxy according to the approved rules in this regard.
- 2- The Company shall specify the regulations governing proxy voting in the General Assembly, including:

A- Voting by proxy shall be accepted according to the instrument of a power of attorney or a statutory mandate power of attorney that explicitly states delegating the absolute right to vote to the agent unless otherwise stipulated in the agency.

B- Agents shall refer to their shareholder clients when there is any conflict of interest, and they shall disclose or express any suggestions to their shareholder clients before voting.

C- The pledgee may neither attend the General Assembly Meetings of Shareholders nor vote at them.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

D- When the General Assembly of shareholders is held in attendance, the voting cards shall be distributed to the present shareholders to vote on the agenda items, then these cards shall be collected - after filling in their data -in a transparent and closed box, to be opened with the knowledge of the Members of the Collection and Sorting Committee in the General Assembly- and under the supervision of the representative of The Ministry of Commerce and the representative of the Capital Market Authority- so that the votes are collected and counted, and present results to the chairman of the assembly to announce them to the attending stakeholder.

E- The voting card shall be designed in accordance with the requirements of the Capital Market Authority.

F- Meeting technology can be used: telecommunication and electronic voting; to enable shareholders to participate in the general assembly meetings easily.

G- A legal person who is entitled, according to the Articles of Association of the Company, to appoint representatives to the Board of Directors, may not vote on the selection of others on the Board.

Article 20: Cumulative Voting:

- 1) **The cumulative voting method shall be followed upon choosing the Members of BOARD by the General Assembly** from among the candidates, and this method is a direct secret vote that the shareholder (or his representative) performs when selecting the Members of BOARD, and through it each shareholder is granted voting power with the number of shares he owns, So that he shall be entitled to vote for one nominee or divide it among the candidates he chooses, without any repetition of these votes, and so that the votes he has given are equal to the number of shares he owns.
- 2) The number of those nominated by the Board shall not exceed the number of the Members of BOARD to be elected, otherwise voting cards that violate this condition are excluded so that the shareholder vote becomes null and void for all candidates as if it did not exist.
- 3) The number of votes granted by the shareholder (or his representative) may not increase the number of shares he owns, and if this limit is exceeded, the extra votes shall be reduced proportionally and proportionately among the candidates who voted for them. If the number of votes used by the shareholder is less than the number of shares, he owns, the remaining votes shall not be used to increase the votes for the candidates who voted for them.
- 4) After counting votes, the votes obtained by the candidates are arranged in descending order, and the top candidates on the arrangement list shall be considered to have already been elected.
- 5) It shall be taken into account that at least one third of the Members of the Board are independents. (Even if they get fewer votes than non-independent candidates). In this case, the independent candidates who did not win in the elections would replace the winning (non-independent/executive) candidates existing at the end of the winners' order.
- 6) If the number of candidates for membership in the Board is equal or less than the number of Members of BOARD to be elected, then in this case all candidates can be elected by acclamation without resorting to the voting.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 7) The independent candidates win their seats on the Board of Directors by acclamation (whatever the number of votes they obtained in the General Assembly), if their number is equal to the required minimum number of independent Members (one third of the number of elected Board Members).

Part 3: Board Work Regulations
Chapter 1: Formation of the Board

Article 21: Composition of the Board

The following shall be taken into consideration when composing the Board:

- 1) The number of its Members shall be suitable for the size and nature of the Company's activities without prejudice to the regulations in this regard.
- 2) The majority of the Board Members shall be of Non-Executive Directors "Non-executive" means the Members of the Board who do not occupy the positions of executive directors of the Company or are not paid salaries from the Company. The existence of independent Members in the Board in increasing its effectiveness and independence.
- 3) The number of its independent Members shall not be less than 2 Members or less than 1/3 of the Members of the Board. (In the event that the calculation of one-third results in a decimal fraction, such as the number of Members of the Board is seven, the number of independent Members must be at least three).
- 4) The chairman of BOARD shall not combine his position as chairman of the Board with any other executive position in the Company.

Article 22: Appointment of the Board Members

- A) The Company's Articles of Association shall specify the number of the Board Members to (7) Members, provided that such number shall not be less than (3). The number of the Board Members increases or decreases as per the updates and changes in the laws and regulations issued by the CMA and the Articles of Association of the Company.
- B) The General Assembly shall elect the Board Members for the term stated in the Company's Articles of Association (4 years), provided that such term shall not exceed four years. Board Members may be re-elected, unless otherwise provided for in the Company's Articles of Association.
- C) A Board Member shall not be a Member of the Boards of Directors of more than 5 listed joint stock companies at the same time.
- D) The Company shall notify the CMA of the names of the Board Members and description of their memberships within (5) business days from the commencement date of the Board term or from the date of



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

their appointment, whichever is sooner, as well as any changes that may affect their membership within (5) business days from the occurrence of such changes.

- E) Although the Company's Articles of Association stipulate the number of Board Members, the Board may, in accordance with the developments and changes that arise according to the size of the Company's activities and its circumstances, recommend to the Extraordinary General Assembly to amend the number of Board Members to the number it deems sufficient, provided that such number shall enjoy the necessary experiences and skills.
- F) The BOARD shall be responsible for nominating Members through the Nomination and Remuneration Committee, and filling its vacant seats during the times between the annual shareholders' meetings. If a position of one of the Members of BOARD is vacant, the Board may appoint - temporarily - a Member of the vacant Board, provided that he has experience and sufficiency, The Ministry and the Capital Market Authority shall be informed within (5) business days from the date of appointment, and the appointment be presented to the Ordinary General Assembly at its first meeting for approval, and the new Member completes the term of his predecessor. If the necessary conditions for the meeting of the BOARD are not met because the number of its Members is less than the minimum stipulated in the companies' law or this law, the remaining Members shall invite the Ordinary General Assembly to be held within (60) days to elect the necessary number of members.
- G) Shareholders have the right, in their general meetings, to remove all or some of the Members of the BOARD, to monitor the work of the BOARD and to file a liability lawsuit against its members.

Charter of Standards, and Procedures for the Membership of the Board of Directors

Annex (2)

Article 23: Termination of a Board Membership

- A) The membership of the Board Member shall expire in the following cases:
- 1- By the expiration of its term,
 - 2- Its membership expires according to any law or instructions in force in KSA,
 - 3- Death (God forbid) or resignation,
 - 4- If the General Assembly decided to exempt the Member from the membership for any reason.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5- In case of a disease (God forbid) the Member shall be suspended from work,
- 6- In case of proven compromising of honor, morality or honesty.
- 7- It is established that his/her membership in the Board was based on incorrect or misleading data or information provided by him/her when he/she was nominated for the membership of the Board.

However, the General Assembly may dismiss all or some of the Members of BOARD. A Board Member may resign provided that this shall be at an appropriate time, otherwise, he/she shall be liable for any damages arising from his resignation.

The Assembly may also -upon the recommendation of the Board- terminate the membership of those who are absent for (3) consecutive Board Meetings or (five) separate meetings during the term of Board membership without a legitimate excuse accepted by the BOD.

- A) Upon the termination of a Member's membership in BOARD by any method of terminating the membership, the Company shall immediately notify the CMA and the market, stating the reasons for this.
- B) If a Member of the BOARD resigns, and he has observations on the performance of the Company, he shall submit a written statement to the chairman of BOARD, and this statement shall be presented to the Members of the Board.
- C) If a position of a Board Member is vacant, the Board may appoint - temporarily - a Member for the vacant seat, provided that he/she has the required experience and competency. The Ministry and the Capital Market Authority shall be informed within the statutory period effective from the date of appointment; such appointment shall be referred to the General Assembly at its first meeting for approval. Consequently, the new Member shall complete the term of his predecessor.
- D) The membership of the Board shall terminate upon the expiry of its term, or upon the expiry of the Member's validity thereto in accordance with any system or instructions in force in the Kingdom. However, the General Assembly may dismiss all or some of the Board Members. A Member of the Board of Directors may retire, provided that this happens at an appropriate time; otherwise, he shall be liable to the Company for the damages resulting from the retirement.
- E) The Board of Directors shall call the General Assembly to convene, sufficiently before the end of its session, to elect a Board of Directors for a new term. If the election cannot be held and the current term of the Board ends, the Members shall continue to perform their duties until the election of a Board of Directors for a new term, provided that the term of the Members of the expired Board does not exceed the period specified by the regulations.
- F) If the Chairman and Members of the Board of Directors retire, they must call the Ordinary General Assembly to convene to elect a new Board of Directors, and the retirement does not apply until the new Board is elected, provided that the term of the retired Board does not exceed the period specified by the regulations. The Board of Directors shall take the necessary measures to elect a Board of Directors to replace him/her before the expiry of the continuity period specified in the regulations.
- G) A Member of the Board of Directors may resign from the membership of the Board by a written notification addressed to the Chairman of the Board, and if the Chairman of the Board retires, the notification must be directed to the remaining Members and the Secretary of the Board. Resignation is effective -in both cases- from the date specified in the notification.
- H) The General Assembly may also, based on a recommendation from the Board of Directors, terminate the membership of any Member who fails to attend three consecutive meetings or five separate meetings of the Board without a legitimate excuse accepted by the Board.
- I) If the Ordinary General Assembly dismisses a Member of the Board of Directors, he/she shall be replaced by the candidate who obtained the highest number of votes in the order of obtaining votes when electing the



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Members of the Board of Directors, provided that the approval of that candidate is obtained. If the nominee's approval is not obtained, the door for candidacy for membership of the Board of Directors must be opened to elect a new Member in the same meeting of the General Assembly in which the dismissal took place in accordance with the conditions stipulated in the Corporate Governance Regulations.

Article 24: Issues Affecting Independence

(As stated in the Corporate Governance Regulations issued by the CMA and the related regulations)

Chapter 2: Responsibilities and Competencies of the Board

Article 25: Responsibility of the Board

- a) The Board shall represent all shareholders; it shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the general interest of the Company and develop it and maximize its value, and that its resolutions shall be based on adequate information from the Executive Management or any other reliable source such as consultants and consultant firms.
- b) The Board shall be responsible for the Company's business even if it delegates some of its powers to Committees, individuals or other third parties. In any case, the Board may not issue a general or an open-ended delegation.
- c) The Board of Directors shall be responsible for protecting the Company from illegal, abusive or inappropriate business and practices.
- d) The Company may provide insurance coverage to its manager or Board Member throughout the term of his office or membership tenure, against any liability or claim arising out of his professional capacity.

Article 26: Main Functions of the Board

Without prejudice to the competencies of the General Assembly as per the Companies Law and Its Implementing Regulations and the Company's Articles of Association, the Board shall have the broadest powers in managing the Company and guiding its activities to achieve its objectives. Among the main functions and competencies of the Board are the following:

- 1) Laying down the plans, policies, strategies and main objectives of the Company; supervising their implementation and reviewing them periodically; and, ensuring that the human and financial resources required to fulfill them are available, including:



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- a) Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management.
 - b) Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets.
 - c) Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
 - d) Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company.
 - e) Reviewing and approving the organizational and human resources structures of the Company on a periodic basis.
 - f) Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.
- 2) Setting rules and procedures for internal control and generally overseeing them, including:
- a) Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board and Committee Members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.
 - b) Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.
 - c) Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company.
 - d) Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
- 3) Setting forth specific and explicit policies, standards and procedures for membership in the Board -without prejudice to the mandatory provisions of these Regulations- and implementing them following approval by the General Assembly
- 4) Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of Governance Regulations. **Annex (13)**
- 5) Setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures
- 6) Supervising the management of the Company's finance, its cash flows as well as their financial and credit relationships with third parties.
- 7) Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
- a) Increasing or decreasing the share capital of the Company.
 - b) Dissolving the Company before the end of its term as specified in its Articles of Association or deciding the continuity of the Company.
- 8) Providing recommendations to the Ordinary General Assembly as to what it deems appropriate regarding the following:
- a) Using the Company's reserves if they are allocated for a specific purpose in the Company's Articles of Association.
 - b) Forming additional financial allocations or reserves for the Company.
 - c) The method of distributing the net profits of the Company.
- 9) Preparing the Company's interim and annual financial statements and approving them before publishing them



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 10) Preparing the Board report and approving it before publishing it
- 11) Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency.
- 12) Developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.
- 13) Forming specialized Committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such Committees as well as the manner used by the Board to monitor such Committees. Such resolutions shall also specify the names of the Members and their duties, rights and obligations and shall evaluate the performance and activities of these Committees and their main members.
- 14) Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Executive Regulations of the Company's Law for the Listed Joint-Stock Companies.
- 15) Setting the values and standards that govern the work at the Company.
- 16) The General Assembly shall invite the Company's shareholders to convene in its ordinary and extraordinary meetings and approve its agenda.
- 17) Approve the audit Committee's recommendation to select and nominate the auditor as recognized, determine his fees, and recommend to the General Assembly to accept the auditor's nomination.
- 18) Develop general strategies, plans, standards and investment procedures.
- 19) Set financial objectives and follow up on them
- 20) Determining the optimal model for allocating capital needed by the main sectors and activities of the Company and investments in light of the recommendations of the CEO of the Company.
- 21) The BOARD shall appoint of subsidiary companies, selecting their heads, and he may always extend or dismiss any of its Members as he deems appropriate to the interests of the Company.
- 22) Follow up on the work of the Committees emanating from the BOARD and which reports is periodically submitted to it through their heads.
- 23) The powers entrusted to the Board according to the Company's Articles of Association.
- 24) Notify the Ordinary General Assembly, when it convenes, of the business and contracts in which a Member of the Board/Committee has a direct or indirect interest, provided that this notification includes the information provided by the Member to the Board of Directors and that this notification is accompanied by a special report from the Company's external auditor.

Chapter 3: Competencies and Duties of the Chairman, Vice Chairman, Members of BOARD, the CEO and Executive Management

Article 27: Responsibility of Chairman of BOD

The shareholders of the Company shall elect the Members of the BOARD at the General Assembly of shareholders, then the Board shall select from among its **non-executive** Members its chairman, and the Board shall be entitled to remove him from the position of chairman or re-select him at any time. Without prejudice to the competencies of the Board, the chairman of the Board shall be responsible for leading the Board and supervising its proceedings



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

and the effective performance of its duties. The competencies and duties of the chairman of the Board shall in particular include the following:

- 1) Ensure that Board Members have access - in due time- to complete, clear, correct, and not misleading information.
- 2) Ensure that the BOARD discusses all major issues in an effective and timely manner.
- 3) Representing the Company in front of others, before the judiciary, notaries and all official and private entities, he also shall be entitled to sign on behalf of the Company and conclude contracts, obligations and everything that would conduct the Company's affairs and achieve its objectives, and all the tasks assigned to him by the BOARD, He shall be entitled to delegate others to plead and defend the Company by authorization from the Board, in addition to the powers entrusted to him in accordance with the Company's Articles of Association, and in accordance with what is stated in the Companies Law and its implementing regulations.
- 4) Encouraging the Board Members to effectively perform their duties in order to achieve the interests of the Company.
- 5) ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board
- 6) Encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism;
- 7) Preparing agendas of the Board Meetings, taking into consideration any matters raised by Board Members or the external auditor and consult with the Board Members and the Chief Executive Officer upon preparing the Board's agenda.
- 8) Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.
- 9) Optimal management of the work of the Board, activating its performance and developing its business. It shall be responsible to take all necessary measures to ensure that the Board fully carries out its responsibilities and duties, and to ensure that the Members of the Board understand their role and responsibilities as well as respect the limits and powers set for the BOARD, and those set for the management of the Company.
- 10) Calling Board Meetings and chairing Board sessions or delegating one of the Board Members to do so.
- 11) Enabling all Board Members to fully participate in the work and activities of the Board and ensuring that the Board works as one team.
- 12) Giving Board Members sufficient time to ensure that the Board discusses all items on the agenda, deliberates, and reaches appropriate and clear resolutions about them.
- 13) Ensure that there are appropriate procedures in place on the ground that help to ensure that the Board carries out its work effectively and efficiently, including reviewing the structure of the Committees and the formation of their membership, and ensuring that, when responsibilities are delegated to the Committees or to any of the Board Members or the Company's executive managers, it was implemented according to the Board's authorization and that the results were informed to the Board.
- 14) It may interview the new candidates for Board Membership or those for CEO who have been nominated by the Remuneration and Nominations Committee.
- 15) Ensuring that Board Meetings are held periodically, as needed, in order to carry out its duties effectively.
- 16) Managing Board Meetings, by controlling discussions and directing them in an optimal manner, which contributes to subjecting all agenda items to the necessary discussions and taking appropriate decisions regarding them in a timely manner.
- 17) Seeking to activate the role of independent Members by taking their opinion on some matters and decisions.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 18) Supervising the formation of all Committees emanating from the Board and provide recommendations to the Board to approve the names that he nominated for membership in these Committees, in consultation with the Remuneration and Nominations Committee.
- 19) Working on the development of the Board continuously in order to ensure that matters are managed in a manner based on values and ethics, and to contribute to reaching sound resolutions that preserve the rights of shareholders, ensure transparency and assume responsibility.
- 20) The Ordinary and Extraordinary General Assembly shall chair the meetings of the Company's shareholders or delegating one of the Board Members to do so.
- 21) Representing the Company in its relationship with others, before the judiciary, notaries and all official and private entities, as well as it has the right to sign on behalf of the Company and conclude contracts and obligations and everything that would conduct the Company's affairs and achieve its objectives, and all the tasks assigned to him by the BOARD, and he has the right to delegate others in pleading and defending the Company with an authorization by the Board, in addition to the powers entrusted to it according to Article (21) of the Company's Articles of Association.
- 22) Verify that all laws, regulations and circulars issued by government authorities are followed and work in accordance with the Company's Articles of Association and other agreements to ensure the validity and effectiveness of the Board Meetings and resolutions.

Article 28: Responsibility of the Board Vice-Chairman

The BOARD, at its first meeting, appoints a vice chairman from among its **non-executive and independent members**, and it may also dismiss or reappoints him/her in this position, as the Board deems appropriate to achieve the interests of the Company. In case that the Board decides to appoint a vice chairman, its main duties shall be as follows:

- a) Assist the chairman in matters and issues related to the Company's BOARD.
- b) Calling the Board to convene in the absence of the chairman.
- c) Chairing the meetings of the BOARD and the shareholders' assemblies in the absence of the Chairman.
- d) To perform the duties of the Chairman in his absence.

Article 29: Tasks and Duties of the Board Members

Each Member of the Board shall, being a Board Member, perform the following tasks and duties:

- 1) Providing proposals to develop the strategy of the Company.
- 2) Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company
- 3) Reviewing reports related to the performance of the Company
- 4) Ensuring the integrity and impartiality of the financial statements and information of the Company
- 5) Ensuring that the financial control and risk management systems are sound.
- 6) Determining the appropriate level of remunerations of the Members of the Executive Management.
- 7) Expressing opinions as to the appointment and dismissal of Members of the Executive Management.
- 8) Participating in developing the succession and replacement plans of executive positions within the Company.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 9) Complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the Articles of Association when performing his/her duties as a Member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs.
- 10) Attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the chairman of the Board shall be notified by prior notice, or for emergency reasons.
- 11) Allocating sufficient time to fulfill his/her responsibilities and preparing for the Board and its Committees' meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives.
- 12) Studying and analyzing all information related to the matters looked into by the Board before expressing an opinion on the same.
- 13) Enabling other Board Members to express their opinions freely, and encouraging the Board to deliberate on the subjects and obtain the views of the competent Members of the Company's Executive Management and others, when necessary.
- 14) Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. The concerned Member shall abstain from voting on any resolutions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- 15) Notifying the Board fully and immediately of his/her participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- 16) Refraining from disclosing or announcing any secrets he/she came across through his/her membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- 17) Working on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders.
- 18) Recognizing his/her duties, roles and responsibilities arising from the membership.
- 19) Developing his/her knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields.
- 20) Resigning from the membership of the Board if he/she is unable to fully fulfill his/her duties in the Board.
- 21) Reviewing the draft of facts and minutes of Board Meetings, understanding them well, expressing his notes on them within a week of receiving the draft from the Board secretary, and requesting clarification of any resolution or unclear text in those minutes.
- 22) Actively participating in discussing issues submitted to the Board, in making decisions, and verifying Company policies that have been set.
- 23) Maintaining confidentiality of information, ensure that Company policy is not directed to its own interest and disclose any activity that conflicts with the Company's interests.
- 24) Knowing and understanding the Company's strategy, objective and goals, and being informed with the Company's programs and implementation plans.
- 25) Verifying the Company's commitment to its Articles of Association and applicable laws and regulations, and work to enhance and support the Company's image.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 26) Communicating and participating effectively in the discussions and deliberations of the meetings of the BOARD and that the Member wishes to work with a team spirit and the Company in making decisions.

Article 30: Duties of the Independent Director

Without prejudice to the Corporate Governance Regulations, an Independent Director of the Board shall effectively participate in the following duties:

- 1) Expressing his/her independent opinion in respect of strategic issues and the Company's policies and performance and appointing Members of the Executive Management.
- 2) Ensuring that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest.
- 3) Overseeing the development of the Company's Corporate Governance rules, and monitoring the implementation of the rules by the Executive Management
- 4) Performing consulting tasks assigned to him by the BOARD in the Company's various activities, in a way that helps the Board make decisions that contribute to achieving the Company's interests.

Article 31: Main Principles

Each member of the Board shall comply with the duties of care and loyalty, and this shall include, in particular, the following:

- 1) **Duty to act within conferred powers:** A member of the Board shall perform and exercise his/her duties and powers in managing the Company and guiding its activities within his/her conferred powers in accordance with the Companies Law and its implementing regulations and the Company's bylaws and other relevant laws, and only exercise powers for the purposes for which they were conferred.
- 2) **Duty to act for the best interest of the Company and to promote its success:** A member of the Board shall comply with the following:
 - a) working in good faith for the best interest of the Company and all its shareholders and shall not prioritize his/her personal interests over the interest of the Company and its shareholders, and in doing so shall have regard to the rights of the other stakeholders;
 - b) Ensure exerting all efforts to promote the success and growth of the Company and maximize its value in the long term for the benefit of its shareholders.
- 3) **Duty to exercise independent judgment:** A member of the Board shall perform his/her duties objectively and independently in relation to managing the Company and making decisions, and shall avoid cases that affect his/her independence in making decisions or voting on them.
- 4) **Duty to exercise reasonable and expected care, skill, and diligence:** A member of the Board shall perform his/her duties and responsibilities in accordance with the Companies Law, the Capital Market Law



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

and their implementing regulations, and the Company's bylaws and other relevant laws, and in accordance with the diligence and care that should be exercised by a diligent person with the general knowledge, skill, and experience that the member of the Board has and that are expected of a person carrying out the functions carried out by the member of the Board.

- 5) **Duty to avoid conflict of interest:** A member of the Board shall avoid transactions and situations in which he/she has an actual or potential direct or indirect interest that conflicts or may conflict with the Company's interest, and the member of the Board shall comply with the provisions relating to conflicts of interest in the Companies Law and its implementing regulations.
- 6) **Duty to disclose any direct or indirect interest in businesses and contracts executed for the Company's account:** A member of the Board shall disclose any direct or indirect interest he/she has in the business and contracts executed for the Company's account immediately upon becoming aware thereof, and shall comply with the provisions relating to disclosure of interest in business and contracts in the Companies Law and its implementing regulations.
- 7) **Duty not to accept benefits from third parties in relation to his/her role in the company:** A member of the Board shall not exploit his position, duties, and powers vested in him/her in his/her capacity as a board member in any way to obtain or accept benefits from third parties for a specific act or to refrain from doing a specific act.

Article 32: Duties of the CEO / Managing Director

The CEO is a natural person who oversees the management of the Company's daily operations and represents the highest executive rank within the Company's workforce, and he is the first responsible before the BOARD for the work of the Executive Management, and he submits periodic reports to the BOARD, and he may be a Member of the BOARD (in this case he is called a Managing Director)

- 1) The Managing Director or the CEO enjoys the powers which the BOARD determines in order to conduct the daily business of the Company, and the CEO in addition to that has other powers that the BOARD determines according to a decision of the BOARD when needed, and he shall implement the instructions directed to him by the BOARD. The Nomination and Remuneration Committee shall determine the special remuneration that the Chairman and the Managing Director or the CEO receive, in addition to the remuneration determined for each Member of the Board in accordance with the Company's Articles of Association.
- 2) The optimal leadership of the executive team through performance standards and through its administrative skills, following up procedures, linking objectives to strategies, plans, periodic evaluation and communication.
- 3) To play a coordination and training role for senior executives.
- 4) Implementing the policies set by the BOARD, implementing the resolutions of the General Assembly of shareholders, and making decisions that benefit the Company.
- 5) Recommendation to the Board regarding the following:
 - A. The Company's general strategy and investment plan.
 - B. Set financial goals for companies and subsidiary companies.
 - C. Determining the optimal model for allocating capital to subsidiary companies and other Company investments.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 6) To recommend to the Board to exit or liquidate existing investments and to enter into new investments outside the main activity, during participation in Board Meetings.
- 7) Monitor the financial and administrative performance of the subsidiary companies in light of the directives of the Board and the Company's corporate governance policy.
- 8) Review the recommendations of the Internal Audit Department and ensure compliance with them.
- 9) Assess the risks at the Company level, subsidiary companies and various other investments, and recommend to the Board the best procedures for dealing with and managing them.
- 10) Promote a culture that reflects the values and ethics of the Company.

Article 33: Competencies and Duties of the Executive Management

Without prejudice 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 human resources 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 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 Corporate Governance rules effectively, to the extent they do not conflict with the provisions of these Regulations, and proposing amendments thereto if needed
- 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 as specified in its Articles of Association or deciding the continuity of the Company.
 - C. Using the reserves of the Company if they are not allocated for a specific purpose in the Company's Articles of Association.
 - D. Forming additional reserves for the Company.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 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, in a way that does not conflict with the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.
 - 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 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 compliance with the level of risks 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 organizational levels.
 - 16) Proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy; and
 - 17) Proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.

Article 34: Oversight over the Executive Management

The Board shall form the Executive Management of the Company, regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it, and to achieve this, the Board shall

- 1) Develop the necessary administrative and financial regulations.
- 2) Ensure that the Executive Management operates in accordance with the policies approved by the Board.
- 3) Select and appoint the Chief Executive Officer of the Company, and oversee his/her work.
- 4) Appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration. (For Guidance)
- 5) Hold periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business
- 6) Develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company.
- 7) Review and evaluate the performance of the Executive Management.
- 8) Develop succession plans for the management of the Company.



Article 35: Distribution of Competencies and Duties

The organizational structure of the Company shall specify the competencies and distribute the duties between the Board and the Executive Management in accordance with the best practices in Corporate Governance, and to improve the efficiency of the Company's decision making and to achieve a balance of powers and authorities across the Board and the Executive Management, and to achieve this, the Board shall

- 1) Approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.
- 2) Approving a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers.
- 3) Identifying the matters on which the Board reserves the power to decide.

Article 36: Separation of Positions

- A. The Board appoints a chairman, a vice chairman and may appoint a managing director of its Members or a CEO.
- B. It is prohibited to hold, at the same time, the position of chairman of the Board and any other executive position in the Company, including the positions of the managing director, the Chief Executive Officer, or the general manager.
- C. The Board shall define the competencies and specify the responsibilities of the chairman, the vice chairman, and the managing director or the CEO explicitly and in writing if the Company's Articles of Association has no reference thereto.
- D. In all cases, no person shall have the sole and absolute power to take decisions in the Company.

Article 37: Appointing the Chief Executive Officer after the end of his/her services as Chairman of the Board

It is prohibited to appoint the Chief Executive Officer, during the first year following the end of his/her service, as the chairman of the Board. **(For guidance)**



Chapter 4: Board's Work Procedures

Article 38: Meetings of the Board

- 1) Without prejudice to the Companies Law and Its Implementing Regulations, the Board shall convene regular meetings to perform its duties effectively, and also convene meetings whenever needed.
- 2) The Board shall convene no less than (4) meetings per year, and no less than one meeting every three months.
- 3) The invitation is made by the chairman of the Board or whoever acts on his behalf, and the invitation shall be in writing, and it may be sent by e-mail or fax, or by means of modern technology, in accordance with the controls set by the competent authority. The chairman or his representative shall call the meeting whenever two of the Members request so.
- 4) The invitation to the meeting shall be sent to each of the Board Members no less than five days prior to the date of the meeting accompanied by its agenda and the necessary documents and information, unless circumstance require convening an emergency meeting, the invitation accompanied with the agenda and necessary documents and information shall be sent as soon as possible (even in less the five days).
- 5) The meeting shall not be valid unless attended by half of the Board Members, provided that the number of attendees shall not be less than (3).
- 6) The meetings of the Board can be held through means of modern technology.
- 7) The deliberations and resolutions of the Board Meetings shall be recorded in minutes to be prepared by the Secretary and co-signed by the Chairman of the meeting, the Board Members present and the Secretary. Such minutes shall be recorded in a special register to be co-signed by the Chairman of the Board of Directors and the Secretary. The Company may use the means of modern technology for recording the meeting deliberations and resolutions and the minutes of meeting.
- 8) A meeting of the Board of Directors may be held via video or audio communication or using modern technologies, and in accordance with the controls set by the competent authority. In this case, the Secretary must send copies of the decisions taken during the meeting to all Members of the Board for signature.
- 9) The resolutions of the Board of Directors are issued by the majority of the opinions of the Members present or represented therein. A written resolution may be issued to be signed by all the Members of the Board of Directors (whether in one document or separate equivalent documents) and these resolutions shall be considered as a decision issued by the Board of Directors meeting.
- 10) The Board of Directors may adopt resolutions on urgent matters through presenting the same to Members by circulation, unless any of the Board Members requests, in writing, that the Board hold a meeting to consider any such resolutions. Such resolutions shall be presented to the Board at its first subsequent meeting to be recorded in the minutes of such a meeting, and are considered valid if signed by the majority of the Board Members.
- 11) The resolution of the Board of Directors shall enter into force as of the date of its issuance, except for cases where the underlying resolution sets a different effective date or where particular circumstances occur.



Article 39: Remarks of the Board Members

1. If any Member of the Board has any remarks in respect of the performance of the Company or any of the matters presented and which was not resolved in the Board Meeting, such remarks shall be recorded and the procedures taken or to be taken by the Board in connection therewith must be set forth in the minutes of the Board Meeting.
2. If a Member of the Board expresses an opinion differs from the Board resolution, such opinion must be recorded in detail in the minutes of the Board Meeting.

Article 40: Organizing the Attendance of the Board Meetings

1. The Attendance of Board Meetings, and dealing with cases of irregular attendance by Members of such meetings shall be organized. The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of any Board Member, who fails to attend [three] consecutive meetings or [five] intermittent meetings during the term of his membership without a lawful excuse admitted by the Board of Directors.
2. An Independent Director of the Board shall make every effort to attend all meetings in which important and material decisions affecting the position of the Company are made

Article 41: The Agenda of the Board Meeting

1. The Board shall approve the agenda once the Board Meeting is convened. Should any Member of the Board raise any objection in respect of such agenda, such objection shall be recorded in the minutes of the meeting.
2. Each Member of the Board is entitled to propose additional items to the agenda

Article 42: Exercising the Competencies of the Board

- A. The Board shall exercise its competencies and duties to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects
- B. Subject to the Corporate Governance Regulations, the Board may, within the scope of its competencies, delegate to one or more of its Members or Committees or a third party the performance of a specific function or functions.
- C. The Board shall develop an internal policy that explains the procedures of the Board activities and aims at encouraging its Members to work effectively to fulfill their obligations towards the Company.
- D. The Board shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for Board and Committees' meetings and ensuring the coordination, recording and retaining of the minutes of its meetings.



Article 43: The Secretary of the Board

- A. The BOARD shall appoint a secretary to be chosen from among its Members or from others, who is responsible for editing the facts and decisions of the Board in minutes and recording them in a special register prepared for this purpose, and his remuneration shall be determined by a resolution of “the BOD”. The term of the Board Chairman, the Managing Director and the Secretary of the BOARD shall not exceed the term of each of them in the Board, and they may be re-elected, and the Board may at any time dismiss them or any of them without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an unlawful reason or at an unexpected time.
- B. Such functions are as follows:
- 1) Documenting the Board Meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the resolutions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any), Such minutes shall be signed by all of the attending members
 - 2) Keeping the reports submitted to the Board and the reports prepared by it.
 - 3) Providing the Board Members with the agenda of the Board Meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board Member.
 - 4) Ensuring that the Board Members comply with the procedures approved by the Board.
 - 5) Notifying the Board Members of the dates of the Board’s meetings within sufficient time prior to the date specified for the meeting.
 - 6) Presenting the draft minutes to the Board Members to provide their opinions on them before signing the same.
 - 7) Ensuring that the Board Members receive, fully and promptly, a copy the minutes of the Board’s meetings as well as the information and documents related to the Company.
 - 8) Coordinating among the Board Members.
 - 9) Regulating the disclosure register of the Board and Executive Management as per the Corporate Governance Regulations.
 - 10) Providing assistance and advice to the Board Members.
 - 11) Informing the CEO and Members of the Nomination and Remuneration Committee (and non-executive Members of the Board) of the shareholders’ suggestions and remarks - received - about the Company and its performance.
- C. The Secretary of the Board may not be dismissed except pursuant to a resolution of the Board.

Article 44: Qualifications of the Secretary (For guidance)

The Secretary of the BOARD shall at least have any of the following:

- 1) He/she holds a bachelor degree in law, finance, accounting or administration or their equivalent, and has relevant practical experience of not less than three years.
- 2) He/she has relevant practical experience of not less than 5 years.



Chapter 5: Training, Support and Assessment

Article (45): New Member Training and Continuing Education (For guidance)

The Company has to pay adequate attention to the training and preparation of the Board Members and the Executive Management, and shall develop the necessary programs required for the same, taking the following into account

preparing programs for the recently-appointed Board Members and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following:

1. The strategy and objectives of the Company.
2. The financial and operational aspects of the Company's activities.
3. The obligations of the Board Members and their duties, responsibilities and rights.
4. The duties and competencies of the Committees of the Board.
5. Developing the necessary mechanisms for Board Members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

In light of the above, the Company's new Member introduction program shall include the following:

1. Providing the new Member with the necessary documents that are required to be reviewed, including, for example, (the Company's Articles of Association, the last annual report, and the Governance Regulations).
2. The Executive Management shall present to the new Member the plans, objectives, and financial and operational aspects of the Company's activities, the course of its work, and its subsidiaries.
3. Coordination can be done to arrange for new Members to visit some important branches and to make large investments to get acquainted with their activities and work in the field.

Article 46: Providing Members with Information

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 of 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.



Article 47: The Assessment of Board Members and the Executive Management (For guidance)

Article 48: Mechanisms and Procedures for the Assessment Process of Members of the BOARD, Committees, CEO and Executive Management (For guidance)

Performance Evaluation: (There is an independent policy at the Company)

- 1- The Board of Directors, based on the proposal of the Remuneration and Nominations Committee, has established the necessary mechanisms for the annual evaluation.
- 2- Performance evaluation procedures must always be written, clear, and disclosed to the Members of the Board of Directors and the Members concerned with the evaluation. This to ensure the effectiveness of the work of the Board, the Members of the Board, the Board Committees, and the Executive Management.
- 3- Performance evaluation depends on, and is not limited to, the key performance indicators related to the Company's strategic objectives, the quality of risk management, the efficiency of internal control systems, and related activities. Performance Evaluation also includes testing strengths, weaknesses, and possible ways to address weaknesses.
- 4- The individual evaluation of the Members of the Board of Directors shall take into account the extent of the member's effective participation and commitment to perform his/her duties, responsibilities, and overall contribution to the Company, including focusing on the areas that the Board or the Management believes that the Board can improve in addition to attending the Board's sessions and Committees and allocating the necessary time for them.
- 5- The Board of Directors may obtain an evaluation of its performance from an independent third party once every three years, and it is disclosed in the Board of Directors' Report and its relationship with the Company (if any).
- 6- The non-executive Members of the Board of Directors periodically evaluate the performance of the Chairman of the Board after taking the views of the executive members, without the Chairman of the Board attending the discussion devoted to this purpose.
- 7- The Annual Report of the Board of Directors may include the results of evaluating the performance of the Board and its members, Committees, and Executive Management.



Chapter 6: Remuneration and compensation policy for Members of the Board, Members of the subsidiary Committees and the Executive Management

Annex (3)

Part 7: Conflict of Interests Policy

Annex (5)

Chapter 7: Compliance Department Regulations

I: Formation of Compliance Department

The Board shall develop governance regulations for the Company which shall not conflict with Corporate Governance Regulations issued by Capital Market Authority. In addition, the Board shall monitor, ensure the validity and amend such regulations, if necessary. When formed, the Compliance Department mission includes oversight the application and Compliance of these regulations, in addition to its other responsibilities which will be mentioned hereinafter.

II: Membership and Selection of Compliance Department Members

The following should be taken into consideration at the formation of the Compliance Department:

- 1- Chief Executive Officer shall form the Compliance Department.
- 2- The Members of Compliance Department should include the directors of the main departments. The head of Compliance Department can be one of them or from others.
- 3- The membership of Compliance Department will be terminated in the following cases:
 - A- if the General Assembly decided to exclude the Member from the membership for any reason.
 - B- in case of death or resignation.
 - C- in case of having a disease obliging the Compliance Department Member to resign.
 - E- in case of quitting the Company voluntarily.
- 4- If there is any vacancy for any of the compliance department member, the CEO shall be entitled to appoint another Member in this position, provided to be qualified.



III: Rules for Selection of Members of Compliance Department

- 1- It is preferable that the Board Members collectively are familiar with the regulations, circulars, and controls of Capital Market Authority and Companies Law, in addition to the other organizational and implementing Regulations of governmental bodies as Ministry of Human Resources and Social Development, Ministry of Commerce, Civil Defense, Saudi Customs Authority, Municipalities, General Authority of Zakat and Tax, etc.
- 2- The Compliance Department may adopt outsourcing methodology.

IV: Functions of Compliance Department

In case the Company forms the Compliance Department, this department will be competent to ensure compliance with what is stated in the other regulatory and executive regulations of other government agencies such as The Ministry of Labor and Labor, The Ministry of Commerce, Civil Defense, the Saudi Customs Authority, Municipalities, and the Zakat and Income Authority, etc. The Compliance Department shall oversee any matters relating to the implementation of governance regulations and controls, and shall at least provide the Board with its reports and recommendations at annual basis. The Functions of Compliance Department include the following:

- 1- Verifying that the Company is in compliance with the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulation of the Company.
- 2- Reviewing and updating the rules pursuant to statutory requirements and best practices.
- 3- Reviewing and developing codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with the best practices.
- 4- Informing the Board Members regularly about the developments in the corporate governance and best practices, or authorizing the audit Committee or any other Committee or department to undertake this task.
- 5- Verifying that the Company is in compliance with laws and decisions of other governmental bodies as Ministry of Human Resources and Social Development, Ministry of Trade and Investment, civil defense, Saudi Customs Authority, Municipalities, General Authority of Zakat and Tax, etc.

V: Rules and Methodology of Compliance Department

- 1- CEO may select the Director of Compliance department from the Members of Executive Management. In addition, The Compliance Department have the right to choose a secretary from its Members or others to prepare the meetings minutes, and handle Compliance Department administrative work.
- 2- By an invitation of the Department Director, the Compliance department shall convene a meeting. The Member may not be represented by a non-Member to attend these meetings except with the constant of the Department Director. In this case, the absent member's vote is valid by the vote of his authorized representative. Meetings deliberations shall be documented in minutes which shall be signed by the Department Director and Secretary.
- 3- The Department Director may meet individually with the Members of this department or other Members of Executive Management.
- 4- The Compliance Department meetings are only valid if attended by its Director. 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 meeting shall have the casting vote.
- 5- The Compliance Department Members are entitled to discuss matters whether during the meeting or via other communication means (email, phone, fax, etc.).
- 6- The Compliance Department shall communicate its recommendations in the periodical or annual reports submitted to the CEO.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 7- After approving the recommendations of the Compliance Department, the Chief Executive Officer delegates to whoever is needed and grants them the necessary powers to implement the decisions.

VI: Functions of Compliance Department Member

- 1- Regularly attending and participating effectively in the Compliance Department meetings. The Member who is obligated for being absent shall notify the director in writing. Furthermore, the Member may not leave the meeting before its end unless he is permitted to do so by the Department Head.
- 2- Preserving the Company's confidentiality. In addition, the Compliance Department Member shall not disclose or announce any confidential information he/she has come across.
- 3- Preserving the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's business.
- 4- Being fair, objective, independent, dissociated, unbiased and not to deliberately disclose false information.

VII: Allowances and Remunerations for attendance of Compliance Department meetings

The Compliance department Member shall receive a remuneration based on the exerted time and effort. This remuneration could be in a lump sum or as a monthly salary or attending allowance for every meeting of Compliance Department or as per the directives of the CEO.

VIII: Competencies of Compliance Department Director, Deputy and Secretary

- a) The CEO shall select the Compliance Department Director (Compliance Officer) from the Members or others. The Director of Compliance Department shall be responsible for supervising Compliance department functions. In addition, he/she has the right to:
 - 1- Inviting Compliance Department Members for a meeting, and determining the place, date, times and agenda for such meetings, in coordination with the members.
 - 2- Chairing the Compliance Department Meetings.
 - 3- Reporting the outcomes and recommendations of Compliance Department to the CEO.
- 4- Representing the Compliance Department before the Board and any other body.
- b) The Compliance Department Members may select one of them to be the deputy of the department director for assistance and representation in his/her absence.
- c) The secretary of compliance department, who has been appointed by the Members who determined his fees, will attend compliance department meetings without having the right of voting (as long as he is not a Member of this Department). The secretary will prepare meetings minutes, inform the Members about the dates and agenda of the meetings, and handle Compliance Department administrative work. While selecting the secretary, the academic and professional qualification required for his tasks shall be taken into consideration. The Members and secretary of the Compliance Department shall be obliged to preserve Company's confidentiality and abstaining from practicing any activity that could jeopardize the Company's interest.



IX: Meetings of Compliance Department

- 1- The Compliance Department convenes a monthly meeting, or at an invitation of the Department Director, for urgent cases.
- 2- This invitation shall be accompanied by agenda and documents. In addition, the quorum shall only be valid if attended by the Compliance Department Director and at least one member.
- 3- In addition to Article (2) above, the Compliance Department shall convene an urgent meeting upon an invitation from its Director.
- 4- The decisions and recommendations of Compliance Department shall be issued by a majority of the votes present and, in case of a tie, the casting vote shall be drawn from the Director's voting party, and it is not permissible to abstain from voting.
- 5- All Members have the right to reserve against any decision made by Compliance Department, provided to clarify the main reasons of his/ her reservation. If any Member permitted to leave the meeting before its end, his/her reservation will be confined to the decisions based on items discussed in his presence; provided however that the items, which he/ she did not attend, shall be documented in the minutes, if he/ she requested in writing.
- 6- The meeting will be convened over the period of discussing issues submitted to the Department.

X: Documentation of the Minutes of Compliance Department

Minutes of Compliance Department shall be documented as follows:

- 1- During the meeting, the secretary shall record the most important discussions, and summarize the recommendations and decisions at the end of discussions.
- 2- The secretary of Compliance Department shall draft each meeting, recording date and place of the meeting, attendees and absentees, summary of discussions, and recommendations and decisions, and report it to the director of Compliance Department for approval.
- 3- In light of the instructions of the director of the Compliance Department, the meeting minutes shall be prepared, signed by the Director of the Compliance Department, and referred to the Members for their signature.
- 4- The signed version will be preserved in a special file accompanied by documents and correspondence related to the minutes.

XI: Rights and Powers of Compliance Department

In order to fulfill compliance responsibilities, the CEO authorized the Compliance Department with the following powers:

- 1- Obtaining the needed information from professional consultants inside or outside the Company.
- 2- Inviting the specialized employees of the Company to attend Compliance Department meetings, for discussions, if necessary.
- 3- Seeking the assistance of the specialized consultants and expertise.
- 4- The Compliance Department Members have equal voting capacity and, in case of a tie, the chairman of the meeting shall have the casting vote.



List of Policies Regulating the Relationships with Stakeholders

I: Definition, purpose, objectives and scope of policies regulating the relationship with stakeholders

1- Defining Stakeholders

Any party or person who has an interest in the Company, including shareholders, employees, customers, suppliers and the community.

2- Purpose

The purpose of the list of "Policies Regulating the Relationship with Stakeholders" is to clarify the supervisory procedures and regulations for the protection of stakeholders and preserving their rights, including:

- 1) How to compensate stakeholders for breaching their rights determined by regulations or protected by contracts.
- 2) How to settle complaints or disputes that may arise between the Company and the stakeholders.
- 3) How to build good relationships with customers and suppliers and preserve the confidentiality of their information.
- 4) The rules of professional conduct for managers and Company employees to comply with correct professional and ethical standards and regulate the relationship between them and stakeholders, provided that the BOARD establishes mechanisms for monitoring these rules and adhering to them.
- 5) Social Contribution of the Company.
- 6) Confirming that the Company's dealings with Members of the BOARD and related parties shall be in accordance with the terms and conditions followed with the stakeholders without any discrimination or preference, and this is what the Company always confirms.
- 7) Stakeholders obtain information related to their activities in a manner that enables them to perform their duties, provided that such information is correct, sufficient, timely and regular.
- 8) Dealing with Company employees in accordance with the principles of fairness, equality and non-discrimination.

3- Objectives:

The regulation shall aim to achieve the following:

- a) Statement of supervisory procedures and regulations for the relationship with stakeholders.
- b) Ensuring continuity in applying standards and commitment to them.
- c) Preserving the rights of shareholders and stakeholders.
- d) Working on a clear basis and in accordance with the principle of complete transparency, which guarantees the Company's respect for laws and regulations and its commitment to disclose essential information to shareholders and stakeholders.



4- Scope of Regulation

This regulation shall determine the main guidelines, standards and basic principles for implementing the policy of regulating the relationship with the stakeholders in the Company, protecting them and preserving their rights. The provisions of the regulations shall be applied in a manner that does not contradict the Articles of Association of the Company and the relevant regulations governing the Company's business.

II: Relationship with Stakeholders

The Company seeks to resolve all disputes and problems that may arise with the relevant parties in its dealings in amicable ways that does not conflict with its laws and regulations and its interest ASAP, provided that the stakeholders are compensated according to the judgments and decisions issued by the judicial authorities after consuming all statutory and legal procedures regarding those judgments and decisions. And according to the Audit Committee's proposal, the BOARD set the necessary policies and procedures for stakeholders to be followed in submitting their complaints or reporting violating practices, taking into account the following:

- 1) Facilitating the notification of stakeholders (including employees in the Company) to the BOARD of the actions or practices of the Executive Management that violate the applicable laws, regulations and rules or that raise suspicion in the financial statements or internal control systems or others, whether these actions or practices are against them or not, and conduct the necessary investigation about it.
- 2) Maintaining the confidentiality of reporting procedures by facilitating direct communication with an independent Member of the Audit Committee or other specialized Committees.
- 3) Assigning a competent person to receive complaints or notifications of stakeholders and deal with them.
- 4) Designating a phone or email to receive complaints.
- 5) Providing the necessary protection for stakeholders.

1) Relationship with Shareholders

Communication Method:

- a) Contacting the Secretary of the BOARD at the Department of CG & Investor Relations to receive complaints, suggestions and observations (012-2604200).
- b) Letters by mail or fax to the Secretary of the BOARD (012-6514860).
- c) Electronic messages via the Company's email (sh@fitaihi.com.sa).
- d) The shareholder submits a complaint during his/her visit the Company's headquarters and meets with the secretary of the BOARD.
- e) Communicating with the Department of CG & Investor Relations Department or the Secretary of the BOARD to obtain the phone number or e-mail of the Chairman of the Audit Committee.
- f) The Company appoints an official specialized in the tasks related to investor relations to achieve effective and fair communication between the Company and the shareholders. **(For guidance)**



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Settlement, Handling and Consideration of Shareholder Complaints:

- a) The Secretary of the BOARD/Director of Investor Relations shall receive shareholders' complaints, if any, register them and seek to handle them in coordination with the various departments of the Company, and follow them up until they are answered or resolved ASAP and not exceeding (5) business days.
- b) The Board's Secretary shall refer the shareholder's complaint to the Chairman of the Audit Committee if the content of the complaint is related to financial irregularities or practices that violate the statutory regulations, in order to conduct the necessary investigation thereon.
- c) Circulars and decisions shall be issued continuously in case of any remarks being made to remedy their future occurrence.
- d) D) Maintain the confidentiality of the information of the informer from among the stakeholders to provide the necessary protection.
- e) E) If the shareholder has a right with the Company (such as unspent profits), the Company shall correct the mistake and work to restitution or help him to reach his right, or reach a settlement with him by peaceful means.
- f) The shareholder shall be entitled to submit his complaint to the competent statutory authorities, In case that he could not obtain his right with the Company and after the failure of peaceful efforts to resolve it.

Procedures made by the Board to inform its Members - particularly the non-executives – about the shareholders and stakeholders' proposals and comments

- 1) - In 2017, the Company launched on its official website (www.fitaihi.com.sa) a special page for shareholders (Investor Relations) through which they can learn how to send an email (**directed to Board Members**), containing their proposals and feedback about the Company and its performance.
- 2)- There is another page on the Company's official website entitled (Contact Us) with the email (sh@fitaihi.com.sa) which the stakeholders can use to inform the Company's Board Members of their desires through the Secretary of the Board.
- 3)- The NRC shall inform the CEO and Board Members- particularly the non-executives - about the shareholders' proposals received regarding the Company and its performance.
- 4)- The Corporate Governance and Investor Relations Department shall inform the CEO and NRC Members of the shareholders' proposals regarding the Company and its performance.
- 5)- Stakeholders can also contact the secretary of the Board at phone No. (012 - 2604200), in order to inform him about the proposals or feedback that they wish to convey to the Company's Board Members, or communicate with him via his email (sh@fitaihi.com.sa).
- 6)- Head of Audit Committee can be reached at the following email: Audit.Head@fitaihi.com.sa. In addition, direct and private communication can be made via email with the rest of the Audit Committee Members (all of them are independent) through the Company's official website.
- 7)- Board Members, committees and the secretary of the Board shall seek to maintain the confidentiality of any communication with stakeholders, and to provide them with the necessary protection.
- 8)- Respond to or resolve the shareholders' complaints as soon as possible and within a period not exceeding (5) business days.



2) Relationship with Employees

- 1) The Company shall set the rules of professional conduct.
- 2) The relationship between the Company and the employees shall depend on respecting the two parties' commitment to the terms of the concluded work contract, good morals, honesty and loyalty, as well as the statutory regulations issued by The Ministry of Labor and Workers.
- 3) The Company may set out developing programs and incentive the participation and performance of employees, by forming Committees and workshops to review, discuss the views of the employees on the issues and affairs requiring critical resolutions.
- 4) The Company may develop programs for granting employees, shares or dividends, and pension programs, as well as establishing an independent fund supporting these programs.
- 5) Social associations may be established for the Company's employees.
- 6) Dealing with Company employees in accordance with the principles of fairness, equality and non-discrimination.

The Approach of Communication and Complaints followed by Employees:

- a) Letters or e-mails to the Line Manager.
- b) Letters or e-mail to the HR Director.
- c) Call on the number of the Line Manager or HR Director.
- d) A direct visit to the Line Manager or the HR Department.

Handling Complaints submitted by Employees:

- a) The complaints related to the employment contracts and service conditions shall be considered by the HR Department; it may be referred to the Legal Affairs Director if any. Consequently, the proposed settlement shall be reported.
- b) The Company's management shall consider the complaint and the proposed solution and responds to it within a maximum of two working weeks from the date of submitting the complaint.
- c) A Committee may be formed to deal with matters related to workers, especially with regard to salaries and compensation, to submit its recommendations to the competent department.
- d) Employees' rights shall be guaranteed and compensated according to the laws and regulations governing the relationship in KSA.

3) Relationship with Customers and Suppliers

- a) The information confidentiality regarding suppliers and customers shall be kept confidential.
- b) All contracts concluded with creditors and suppliers shall include the requirements of the regulations in force in KSA and issued by the relevant competent authorities.
- c) The Company shall be obliged "in accordance with the contracts signed with the concerned parties" with all contractual conditions, including the payment of others' dues on time.
- d) The Company shall claim its rights on a regular basis through the claims of the competent departments and according to a specific timetable, taking into account the credit policies in force in the Company and associated with agreements with suppliers.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- e) The department concerned with the complaint shall register the complaint and seek to resolve it ASAP, and according to the rules and regulations.
- f) The complaint shall be handled within the contractual framework in a way that preserves the rights of the Company and the rights of the stakeholder.

Customer and supplier complaints shall be received via:

- a) Mails, fax, or phone No. (+966-12-6517505).
- b) Messages via the Company's email (marketing@fitaihi.com.sa).
- c) The customer or a representative of the supplier attendance to the Company's headquarters and meeting with the commercial director, financial director or the marketing director, according to the type of complaint.

4) Community

- a) The whole community shall be considered an interested party, so it shall be informed of all events and influences through the available means according to the Disclosure Policies approved by the Capital Market Authority regulations.
- b) When the Company makes any social contributions, it shall not conflict with its policies.

III: Disclosure

For protecting and preserving the rights of the stakeholders, the Company shall disclose any material events affecting its business with full transparent, in accordance with the disclosure regulations issued by the Capital Market Authority.



Part 7: The Company Committees
Chapter 1: General Provisions

Article 49: Forming the Committees

Without prejudice to the Companies Law and the Governance 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 Committee, and the manner in which the Board monitors the activities of each Committee. The Committee shall inform the Board of its findings or resolutions 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, 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 3 or more than 5.
- 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 CMA with the names of the Members and the types of their memberships in such Board's Committees within (5) business days of their appointment, and shall notify the CMA of any changes thereto within (5) business days of the date of such changes.**
- 7) The Company may combine remuneration and nomination Committees into one Committee named Remuneration and Nomination Committee. In such case, the Remuneration and Nomination Committee must satisfy the requirements related to any of them as set forth in Chapter 3 and 4 of this Part, and exercise all the powers set forth in these Regulations, provided that the Committee convenes periodically at least every six months.

Article 50: 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 interests, 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 loyalty, and care and shall attend to the interests of the Company and its shareholders, and prioritize them over their personal interests.
- 2) The Company shall take into consideration while forming the remuneration and nomination Committees 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 chairmen of Committees mentioned in this paragraph are of the Independent Directors.
- 3) Chairman of the Board may not be a Member of the audit Committee. He may be a Member of other Committees, provided that he is not the chairman of Committees mentioned in Corporate Governance Regulations.
- 4) The membership and chairmanship of the Committee shall be renewed periodically, and the duration of the Committee's session does not exceed the session of the BOARD.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5) It would be better that one Member does not co-chair or be a Member of a large number of Committees - at one time - so that the Member can focus on the work of the Committee in which he is a member.

Article 51: Studying Subjects

- 1) Each Committee shall assess the matters that fall within its authority or those referred to it by the Board and shall communicate its recommendations to the Board to issue resolutions in connection therewith.
- 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 states the name of the expert and his/her relation to the Company or its Executive Management if any.

Article 52: Meetings of Committees

- 1- No Member of the Board or the Executive Management except the secretary or a Committee Member may attend the meetings of a Committee unless such Committee requests his/her opinion or advice.
- 2- The Chairman or Vice Chairman may invite the Committees to meet during the quarterly or annual Board Meetings.
- 3- 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.
- 4- Board Meetings shall be documented and minutes 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.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Chapter 2: Audit Committee Charter

Annex (6)

Chapter 3: Nomination and Remuneration Committee Charter

Annex (7)

Chapter 4: Risk Management Committee Charter

Annex (8)

Introduction:

In accordance to the provisions and controls of Corporate Governance Regulation -issued by Capital Market Authority-, the Company's Board shall form "Risk Management Committee" to perform the main function for developing policies for risk management that are consistent with the position, magnitude and risks faced by the Company's activities.

Risk management Committee shall be directly communicate with the Company's Board or Audit Committee, given that the Committee shall submit periodic reports according to the significance of the resulted information.

The Company's Board is generally responsible of the risks in a manner that consistent with the nature, magnitude and market of the Company's activities. The Company's Board is responsible of developing a strategy for determining and addressing the risks that could face the Company, identifying an acceptable level of risks.

I: Formation of the Risk Management Committee (For guidance)

- 1- The Company's Board shall, by resolution therefrom, form a Committee to be named the "Risk Management Committee." The chairman and the majority of its Members shall be Non-Executive Directors. The Members of that Committee shall possess an adequate level of knowledge in risk management and finance.
- 2- The Committee shall consist of no less than 3 Members and no more than 5 Members. The resolution shall determine the Committee's duties, controls and working methodology, and remunerations and tenure of its Members.
- 3- The Board may exclude any of the Members of Risk Management Committee in case of any violations to the provisions contained in this charter, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign from his Membership in the Committee, provided that this is at an appropriate time acceptable to the Board, otherwise he shall be liable before the Company.



II: Tenure and Selection of Risk Management Committee Members

- 1- The tenure of Membership of the Committee shall start with the beginning of the Board session and ends at the end of the Board session.
- 2- The Board shall select and re-nominate the Committee Members for other similar terms.
- 3- If a position of one of the Members of the Board becomes vacant, the Board may appoint - temporarily - a Member in the vacant position, provided that he/she has the experience and competency, the Capital Market Authority shall be informed within the mandatory time from the date of appointment.

III: Rules for Selection of Risk Management Committee Members

- 1- The Member is preferred to be aware of the risk management, financial and accounting rules and those who have academic qualification in this field are preferred.
- 2- It is advisable that the Committee Member may not have direct or indirect interest in business and contracts made for the account of the Company.
- 3- Non-Board Members may be appointed whether they are shareholders or others.

IV: Functions of Risk Management Committee (For guidance)

The competences of the risk management Committee shall include the following:

- 1- Developing a comprehensive strategy and policy of risk management that are consistent with the nature and magnitude of the Company's activities, monitoring its implementation, reviewing and updating it based on the Company's internal and external variables of the Company.
- 2- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.
- 3- Ensuring the feasibility of the Company continuation, the successful sustainability of its activities and determining the risks that threaten its existence during the subsequent twelve (12) months.
- 4- Overseeing and evaluating the effectiveness of Company's risk management system and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy.
- 5- Regularly re-assessing the Company's ability to take risks and be exposed to such risks through endurance tests.
- 6- Preparing and referring to the Board, detailed reports on the exposure to risks and the recommended measures to address such risks.
- 7- Providing recommendations to the Board on matters related to risk management.
- 8- Ensuring the availability of adequate resources and systems for risk management.
- 9- Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board
- 10- Verifying the independence of the risk management employees from activities that may expose the Company to risk.
- 11- Ensuring that the risk management employees understand the risks threatening the Company and working on risks awareness-raising culture.
- 12- Reviewing any issues raised by the Audit Committee that may affect the Company's risk management.



V: Rules and Methodology of Risk Management Committee

- 1- The Board could choose Committee chairman from its Members. In addition, the Committee could choose Secretary from its Members or other Members to prepare its meetings minutes, and handle the Committee administrative work.
- 2- The Committee shall convene upon an invitation from its chairman. Meetings deliberations shall be documented in minutes which shall be signed by the chairman and the Secretary of Compliance department. The Member will consider resigning if he/she failed to attend three consecutive meetings without justifiable excuse.
- 3- The Committee meetings are valid if attended by the 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.
- 4- Committee Member should not taking part in any activities that may lead to competition with the Company or competition in any of its activities, otherwise the Company has the right to claim for compensation, and consider this business as operated for the benefit of the Company.
- 5- The Committee Member and the Board Member preserve Company's secrets. The Committee Member shall not disclose or announce any secrets he/she came across through doing his/her work to any shareholder of the Company or to a third party.

VI: Duties of Risk Management Committee Member

- 1- Regularity in attending the Committee sessions and active participation in its work. An unexpected absence of a Member from one of the Committee's sessions should be notified to the Committee's chairman in writing. A Member may not leave the session permanently before its conclusion without permission from the Committee's chairman.
- 2- Keeping the Company's secrets, and it is not permissible for a Committee Member in Non-General Assembly to disclose to shareholders or others the Company's secrets.
- 3- Preserve the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's work.
- 4- Being fair, objective, and independent, being abstract from personal interests, prevent others from affecting his decisions, and do not disclosing misinformation.
- 5- The Committee Member shall abstain from practicing any activity that could jeopardize the Company's interest or his ability to carry out his/her duties and responsibilities subjectively.
- 6- The Member shall disclose to the Board any operation occurs between him and the Company and the nature of this relationship according to the required operations standard with Related Parties. In addition, the Member shall disclose his relationship with the Company's Board and executive directors.

VII: Allowances and Compensation for Committee Meetings

- 1- The Committee Member shall receive a remuneration in accordance to the exerted time and effort. This remuneration could be an allowance for attending Committee meetings which is (1500 SAR) for attending each session, and not exceeding the attendance allowance prescribed for the Board Members as such, and a certain amount for each hour of the hours the Member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred by him for business related to carrying out his business duties.
- 2- The Board Report should clarify to the General Assembly the remunerations and other benefits paid to the Board Members.



VIII: Competencies of the Committee Chairman, Deputy and Secretary

A) The Board shall select a Committee chairman among its Members for the Committee Membership term and the Committee chairman shall supervise the achieved tasks of the Committee, in particular he/she shall carry out the following duties:

- 1- Calling the Committee to convene and determining the time, date and place of each Committee meeting and the agenda, in coordination with the Committee Members.
- 2- Chairing the Committee meetings.
- 3- Submitting the Committee achieved tasks and recommendations to the Board.
- 4- Preparing the Committee budget, action plan, and its projects on the short and long term with the Committee Secretary. Then, present it to the Committee in preparation for submitting it to the Board, after the Committee approval.
- 5- Preparing periodical reports about the Committee activities in coordinating with the Committee Secretary. Then, present it to the Committee in preparation for submitting it to the Board, after the Committee approval.
- 6- Representing the Committee before the Board and any other entity.

B) The Board or the Committee Members may choose a chairman deputy of them for the Committee Membership term. He/she shall assist the chairman in carrying out his/her duties and act on his/her behalf while being absent.

C) The Committee Secretary, who has been appointed by the Board or the Members of the Committee who determine his/her fees, shall attend minutes meeting without having the right to vote (as long as he/she is not a Member of it). He/She shall inform the Members about the time and agenda of the meetings, and handle all the Committee administrative business. While choosing the Secretary, it is taken into account the educational and professional qualification that enables him to perform his duties. The Committee's Secretary shall be obliged to preserve the Company's secrets and abstained from practicing any activity that could jeopardize the Company's interest.

IX: Meetings of the Risk Management Committee (For guidance)

- 1- The Committee shall adopt an initial meeting schedule before every year starts.
- 2- The Committee shall hold a periodical meeting at least every 6 months and when required and send the invitation to attend the meeting at least five days before its date, except in the case of urgent meetings. The meeting's agenda and documents shall be attached to the invitation, and for the quorum to be completed, the majority of the Members should attend.
- 3- In addition to the stated Item (2) mentioned-above, the Committee shall hold a meeting if requested by the Committee chairman, two of its Members, the chartered accountant, the internal auditor, or the Board.
- 4- The Committee decisions and recommendations 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, and it is not permissible to abstain from voting.
- 5- Any Member may have the right to express his/her reservation to any decision made by the Committee, provided that he/she shall clarify the main reasons of reservation. If any Member permitted to leave the meeting before its conclusion, his reservation (if any) shall be limited to the decisions related to discussed items in his attendance, provided that missed items that he/she did not attend its discussion shall be documented in the minutes if he/she expressed his desire in writing in that.



X: Documentations of Risk Management Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- 1- During the meeting, the Committee Secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of the discussions.
- 2- For each meeting, the Committee Secretary shall write down a draft minute in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions reached by the Committee, and it shall be submitted to the Committee chairman for approval.
- 3- The draft shall be sent to all the Members and they shall be asked to send their notes within a week from the send date.
- 4- The draft minutes shall be edited in the light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- 5- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and sent to the Members, signed by the Committee Secretary and chairman.
- 6- If any significant notes would be mentioned by the Members, they shall be included in the next meeting agenda.
- 7- The signed version will be preserved in a special file accompanied by documents and correspondence related to the minute.

XI: Action Plan and Reports of Risk Management Committee:

- 1- The Committee shall submit to the Board detailed reports on the exposure to risks and the recommended measures to manage such risks.
- 2- The Committee shall submit to the Board the recommendations about matters related to risk management.
- 3- Regularly reassessing the Company's ability to take risks and be exposed to such risks through stress tests as an example.
- 4- developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors.
- 5- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.

XII: Powers of Risk Management Committee

To empower the Committee to fulfill its responsibilities, the Board has delegated the Board of the following powers:

- 1- Obtaining information they need from:
 - Company employees (All Company employees should cooperate with the Committee and provide it with any required information).
 - Internal or external legal and professional advisors.
 - Any external party.
- 2- Invite specialized employees of the Company to attend the Committee meetings, in order to discuss issues with them if necessary.
- 3- Ask assistance from specialized consultants and experts to help adjust presented studies and plans.
- 4- The Committee the right to audit its records and documents and request any clarification or statement from the executive management. Moreover, it has the right to invite the Board to an urgent meeting, in case of a grave danger threatens the Company's works.



Chapter 5: Investment Committee Charter

Annex (9)

Introduction:

The income of long-term investments which the Company participates in, considers as the most important streams of income. Fitaihi Holding Group seeks to increase these investments from time to time -according to its performance- and focus on the good ones.

Investment Committee shall be directly connected with the Company's Board, given that the committee shall submit its reports according to the importance of the resulted information.

The Company's Board is generally responsible of developing the Company's investment policy in accordance with investment controls and circulars issued by Financial Market Authority and the relevant authorities. Risk Management is responsible of determining the risks that could face the Company and dealing with it. In addition, it is responsible of determining and maintaining an acceptable level of risk.

I: Formation of Investment Committee

- 1- Investment Committee shall be formed by a resolution of the Company's Board, and chaired by a Board member, provided that the Members shall possess an adequate level of knowledge in investment and finance.
- 2- The committee shall consist of no less than 3 Members and no more than 5 members. The resolution shall determine the committee's duties, controls and working methodology, and remunerations of its Members and the term of membership.
- 3- The Board may dismiss any of the Members of investment committee in case that any of them violates the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.

II: Tenure and Selection of Investment Committee Members

- 1- The tenure of the committee shall start with the beginning of the Board session and ends with the end of the Company's Board session.
- 2- The Board shall select the Committee Members and the Board may re-select them to the committee membership for other similar terms.
- 3- If a position of one of the Members of BOARD is vacant, the Board may appoint - temporarily - a Member of the vacant Board, provided that he has experience and sufficiency, the Financial Market Authority shall be informed within the statutory deadline from the date of appointment.



III: Rules for Selection of Members of Investment Committee

- 1- The Member preferred to be aware of financial and investment rules and those who have academic qualification in this field are preferred.
- 2- Non-Board Members may be appointed whether they are shareholders or others.

IV: Functions of Investment Committee

The competences of the investment committee shall include the following:

- 1- Developing a strategy and comprehensive policies for investment that consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on internal and external changing factors of the Company and market.
- 2- Determining and maintaining an acceptable level of risk that may be faced by the Company, as a result of these investments, and ensuring that the Company does not go beyond such level.
- 3- Ensuring the feasibility of the Company continuation, the successful continuity of its investments and determining the risks that could be faced during the following twelve (12) months.
- 4- Overseeing the Company's investment system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company as a result of entering these investments, in order to determine areas of inadequacy therein.
- 5- Regularly reassessing the Company's ability to take risks and be exposed to such risks through stress tests as an example.
- 6- Providing recommendations to the Board on matters related to investment.
- 7- Ensuring the availability of resources for investment.
- 8- Ensuring the transaction limitation of securities (inside the kingdom) on the people authorized by Financial Market Authority to practice securities business, and be cautious not to deal with non-authorized people or institutions.
- 9- Making sure that all the entities the Company dealing with -on securities in the kingdom- have the authorization of the Capital Market Authority. The non-authorized people do not have the right to (earn any money or to practice any activity related to securities including providing products or services related to securities, as dealing with securities by buying and selling, security management, providing people related to securities business, providing consultancy on corporate finance business, any act related to entering into any transaction, providing consultancy on benefits or risks of securities, or practice any deal impacted of securities and so on. Any contracts or agreements that involve any practices of securities business and conducted with non-authorized person, are invalid.

V: Rules and Methodology of the Investment Committee

- 1- The Board shall elect the committee chairman among its members. The Board may also elect secretary among its Members or others who shall prepare its meeting minutes and carry out committee administrative work.
- 2- The committee shall convene upon an invitation from its chairman. Meetings deliberations shall be documented in minutes which shall be signed by the chairman and the secretary of Compliance department. The Member will consider resigning if he/she failed to attend three consecutive meetings without justifiable excuse.
- 3- The quorum of committee meeting shall be constituted by the presence of the majority of its Members and its decisions shall be adopted by majority vote of the Members present. In the event of a tie, the chairman will cast the deciding vote.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 4- The committee Member shall comply with the Board Member obligations and maintain the Company's secrets. The committee Members may not disclose any information acquired due to their work to shareholders or other, otherwise they are dismissed and claimed to pay compensation.

VI: Investment Controls

- 1- The investment in the financial assets shall be made depending, in first place, on the Group's owned resources.
- 2- Not to engage in investments in the markets of the high political and economic risks countries.
- 3- Not to invest in loss-making companies or companies with financial suspicion
- 4- The risk should be distributed by sector and focus on leading companies with high growth rates
- 5- Not to invest in the high-risk companies whose profit rates exceed the standard.
- 6- The securities, in the Saudi Sock Exchange Market, should be sold and purchased from investment fund or investment portfolio of the Company managed by an authorized person in accordance with the management contract, provided that the contract shall expressly indicate the complete separation between the Company and investment decisions and not contain any article might be contrary to that. The investment for one year or more shall be excluded therefrom, the Company shall not sell the security before one year passing from date of last purchase of the securities belonging to the issuer itself.
- 7- The Company shall notify the Capital Market Authority of any management contract made between the Company and the authorized person (in the KSA), together with reference to the number of investment portfolio relevant to this contract.
- 8- The Company shall upon consolidation of financial statements with its subsidiaries, ensure the compliance of subsidiaries with the controls stipulated in this decision.
- 9- Compliance with laws, regulations and circulars on the investment controls of the official authorities (Capital Market Authority, Ministry of Commerce, etc...)

VII: Investment Process Procedures

- 1- The available investment opportunities shall be presented to the Investment Committee
- 2- The Members of Investment Committee shall discuss these opportunities whether through their meetings or via other means of communications (email, phone, fax, etc.)
- 3- After the Board adopted the recommendations of Investment Committee, the Board shall assign and grant the CEO the necessary powers to implement the Board's decision of investment.
- 4- When the Board of director adopts the recommendations of Investment Committee, the Board makes decision in which the investment opportunities, investment controls and limits are determined.
- 5- After the Board adopted the recommendations of investment committee, the Board shall assign and grant the CEO the necessary powers to implement the Board's decision of investment.

VIII: Duties of Investment Committee Member

- 1- Regularity in attending the committee sessions and active participation in its work. An unexpected absence of a Member from one of the committee's sessions should be notified to the committee's chairman in writing. A Member may not leave the session permanently before its conclusion without permission from the committee's chairman.
- 2- Keeping the Company's secrets, and it is not permissible for a committee Member in non-General Assembly to disclose to shareholders or others what the Company's secrets have been kept on because of his doing his



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

duties, otherwise he should be changed, in addition to his accountability for compensation for the damage that may result from that.

- 3- Preserve the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's work.
- 4- Being fair, honest, chaste, sincere, objective, and independent, being abstract from personal interests, prevent others from affecting his decisions, and do not disclosing misinformation.
- 5- The Member shall disclose to the Board any operation occurs between him and the Company and the nature of this relationship according to the required operations standard with Related Parties. In addition, the Member shall disclose his relationship with the Company's Board and executive directors.

IX: Allowances and Compensations for Committee Meetings

- 1- The committee Member shall receive a remuneration in accordance to the exerted time and effort. This remuneration could be an allowance for attending committee meetings which is (1500 SAR) for attending each session, and not exceeding the attendance allowance prescribed for the Board Members as such, and a certain amount for each hour of the hours the Member shall spend outside committee meetings for business related to the committee's business, and indemnify for actual expenses incurred by him for business related to carrying out his business duties.
- 2- The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the committee members.

X: Competencies of the Committee Chairman, Deputy and Secretary

A) The Board shall select a committee chairman among its Members for the committee membership term and the committee chairman shall supervise the achieved tasks of the committee, in particular he/she shall carry out the following duties:

- 1- Calling the committee to convene and determining the time, date and place of each committee meeting and the agenda, in coordination with the committee members.
- 2- Chairing the committee meetings.
- 3- Submitting the committee achieved tasks and recommendations to the Board.
- 4- Preparing the committee budget, action plan, and its projects on the short and long term with the committee secretary. Then, present it to the committee in preparation for submitting it to the Board, after the committee approval.
- 5- Preparing periodical reports about the committee activities in coordinating with the committee secretary. Then, present it to the committee in preparation for submitting it to the Board, after the committee approval.
- 6- Representing the committee before the Board and any other entity.

B) The committee Members may choose a chairman deputy of them for the committee membership term. He/she shall assist the chairman in carrying out his/her duties and act on his/her behalf while being absent.

C) The committee secretary, who has been appointed by the Members who determined his fees, shall attend the committee meetings without voting rights (if he is not a committee member). He shall inform the Members about the time and agenda of the meetings, and handle all the committee administrative business. While choosing the secretary, it is taken into account the educational and professional qualification that enables him to perform his duties. The committee secretary shall be obliged to preserve the Company's secrets and abstained from practicing any activity that could jeopardize the Company's interest.



XI: Investment Committee Meetings

- 1- The committee shall adopt an initial meeting schedule before every year start, provided that during each meeting, the next meeting date could be decided.
- 2- The committee shall hold a periodical meeting at least every 3 months and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its members
- 3- In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee of its Members or by two Members , chartered accountant, internal auditor, or Board of Directors.
- 4- The committee decisions and recommendations shall be issued by a majority of the votes of its Members present and, in case of a tie, the chairman of the relevant committee shall have the casting vote, and it is not permissible to refrain from voting or being deputed.
- 5- Any Member may express his reservation to any decision made by the committee, provided that he shall indicate the main reasons for his reservation. If any Member leaves the committee meeting before its conclusion, his reservation - if any - shall be limited to decisions related to the discussed items in his presence, provided that he shall state in the minutes the items that he did not attend its discussion if he expressed his desire in writing.

XII: Documentation of Investment Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- 1- During the meeting, the committee secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of the discussions.
- 2- For each meeting, the committee secretary shall write down a draft minute in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions reached by the committee, and it shall be submitted to the committee chairman for approval.
- 3- The draft shall be sent to all the Members and they shall be asked to send their notes within a week from the send date.
- 4- The draft minutes shall be edited in the light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- 5- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and sent to the members, signed by the Committee Chairman and Secretary.
- 6- If any significant notes would be mentioned by the members, they shall be included in the next meeting agenda.
- 7- The signed version will be preserved in a special file accompanied by documents and correspondence related to the minute.

XIII: Action Plan and Reports of Investment Committee

- 1- The Committee shall submit the recommendations about investment matters to the Board.
- 2- Development of a comprehensive strategy and policy of investment that are consistent with the nature and volume of the Company's activities, monitoring its implementation, reviewing and updating it based on the Company's internal and external variables of the Company.



XII: Powers of Investment Committee

To empower the Committee to fulfill its responsibilities, the Board has delegated the Board of the following powers:

- 1- Obtain the needed information from professional consultants inside or outside the Company.
- 2- Invite specialized employees of the Company to attend the committee meetings, in order to discuss issues with them if necessary.
- 3- Ask assistance from specialized consultants and experts to help adjust presented studies and plans.

Chapter 6: Governance Committee Charter

I: Formation of Governance Committee

The Board shall develop a Governance Committee Charter which shall not conflict with the Corporate Governance Regulations issued by Capital Market Authority. In addition, the Board shall monitor, ensure the validity and amend such regulations, if necessary.

II: Term and Nomination of Governance Committee Members

In the event that governance Committee formed by the Board of Directors, the following shall be considered:

- 1- The tenure of the Committee shall start with the beginning of the Board session and ends with the end of the Company's Board session.
- 2- The Committee shall consist of no less than 3 Members and no more than 5 members.
- 3- The Board shall select the Committee Members and the Board may re-select them to the Committee membership for other similar terms.
- 4- The membership of the Board Member shall expire in the following cases:
 - B- in case of death or resignation.
 - C- in case of illness that makes the Member of governance Committee unable to work.
 - D- In case of proven compromising of honor, morality or honesty.
 - E- In case of the withdrawal from the Company voluntarily
- 5- If a position of one of the Members of the Committee is vacant, the Board may appoint -temporarily- a Member of the vacant Board, provided that he has experience and sufficiency, the Capital Market Authority shall be informed within the statutory deadline from the date of appointment.

III: Rules for Selection of Governance Committee Members

- 1- The Member must be aware of the regulations, circulars, and controls of Capital Market Authority and Companies Law,
- 2- Non-Board Members may be appointed whether they are shareholders or others.
- 3- The governance Committee can seek external expertise.



IV: Functions of Governance Committee

If the Board of Directors forms a corporate governance Committee, it shall assign to it the terms of references stipulated in the Corporate Governance Regulations. This Committee shall oversee any issue relevant to the application of governance rules and regulations and provide the Board of Directors, at least annually, with the reached reports and recommendations. The main functions of the governance Committee, management or Committee are as following:

- 1- Verify that the Company is in compliance with the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulations of the Company.
- 2- Review and update the rules pursuant to statutory requirements and best practices.
- 3- Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- 4- 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.
- 5- The Audit Committee currently pays attention to everything related to implementing Corporate Governance Regulations.

V: Rules and Methodology of Governance Committee

- 1- The Board shall elect the Committee chairman among its members. The Board may also elect secretary among its Members or others who shall prepare its meeting minutes and carry out Committee administrative work.
- 2- The Committee shall convene upon an invitation from its chairman. Meetings deliberations shall be documented in minutes which shall be signed by the chairman and the secretary of Compliance department. The Member will consider resigning if he/she failed to attend three consecutive meetings without justifiable excuse.
- 3- The quorum of Committee meeting shall be constituted by the presence of the majority of its Members and its decisions shall be adopted by majority vote of the Members present. In the event of a tie, the chairman will cast the deciding vote.
- 4- The Members of governance Committee shall discuss these opportunities whether through their meetings or via other means of communications (email, phone, fax, etc.)
- 5- The Committee shall submit its recommendations in its periodic or annual report presented to the Board of Directors.
- 6- After the Board adopted the recommendations of governance Committee, the Board shall assign and grant the executive chairman necessary powers to implement the Board's decision.

VI: Duties of Governance Committee Member

- 1- Regularity in attending the Committee sessions and active participation in its work. An unexpected absence of a Member from one of the Committee's sessions should be notified to the Committee's chairman in writing. A Member may not leave the session permanently before its conclusion without permission from the Committee's chairman.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 2- Keeping the Company's secrets, and it is not permissible for a Committee Member in non-General Assembly to disclose to shareholders or others what the Company's secrets have been kept on because of his doing his duties.
- 3- Preserve the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's work.
- 4- Being fair, objective, and independent, being abstract from personal interests, prevent others from affecting his decisions, and do not disclosing misinformation.

VII: Allowances and Compensations for Committee Meetings

- 1- The Committee Member shall receive a remuneration in accordance to the exerted time and effort. This remuneration could be an allowance for attending Committee meetings which is (1500 SAR) for attending each session, and not exceeding the attendance allowance prescribed for the Board Members as such, and a certain amount for each hour of the hours the Member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred by him for business related to carrying out his business duties.
- 2- The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the Committee members.

VIII: Competencies of the Committee Chairman, Deputy and Secretary

- a) The Board shall select a Committee chairman among its Members for the Committee membership term and the Committee chairman shall supervise the achieved tasks of the Committee, in particular he/she shall carry out the following duties:
 - 1- Calling the Committee to convene and determining the time, date and place of each Committee meeting and the agenda, in coordination with the Committee members.
 - 2- Chairing the Committee meetings.
 - 3- Submitting the Committee's outcomes and recommendations to the Board in periodic or annual report or immediately in case of urgent matters.
 - 4- Representing the Committee before the Board and any other entity.
- b) The Committee Members may choose a chairman deputy of them for the Committee membership term. He/she shall assist the chairman in carrying out his/her duties and act on his/her behalf while being absent.
- c) The Committee secretary, who has been appointed by the Members who determined his fees, shall attend the Committee's meetings without having the right to vote (as long as he is not a Member of the Committee). He shall prepare the meeting minutes, inform Members of the meeting dates and the agenda, and perform all the administrative work of the Committee. While choosing the secretary, it is taken into account the educational and professional qualification that enables him to perform his duties. The



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Committee secretary shall be obliged to preserve the Company's secrets and abstained from practicing any activity that could jeopardize the Company's interest.

IX: Governance Committee Meetings

- 1- In the event that a governance Committee is formed, the Committee shall hold (2) meetings annually.
- 2- The Committee shall adopt an initial schedule of its meetings before the beginning of each session.
- 3- In the event that the tasks of supervising the application of the rules of governance are assigned to another Committee or department, such Committee or department shall discuss and oversee the duties of governance Committee at least twice annually.
- 4- The agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its Members (half+ one).
- 5- In addition to what stated in the clause (2) above, the Committee shall hold an urgent meeting if requested by the Committee chairman, two Members from its Members or Board of Directors.
- 6- The Committee resolutions and recommendations 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, and it is not permissible to abstain from voting.
- 7- Any Member may express his reservation to any decision made by the Committee, provided that he shall indicate the main reasons for his reservation. If any Member leaves the Committee meeting before its conclusion, his reservation - if any - shall be limited to decisions related to the discussed items in his presence, provided that he shall state in the minutes the items that he did not attend its discussion if he expressed his desire in writing.
- 8- The meeting will be convened during the period of discussing issues submitted to the department.
- 9- The period of meeting could be extended to two days, if required by the decision of chairman of Governance Committee.
- 10- The Audit Committee currently pays attention to all matters related to implementing the Corporate Governance Regulations.

X: Documentation of Governance Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- 1- The Committee secretary, during the meeting shall record the most important discussions and upon completion of the discussion of any topic, summarize the recommendations or decisions agreed.
- 2- The Committee secretary shall write down a draft minutes for each meeting of the Committee in which the date and place of meeting, names of present and absent members, discussions summary and texts of recommendations and decisions reached by the Committee, shall be recorded and it shall be submitted to the Committee chairman for approval.
- 3- The minutes draft shall be sent to all Members and they are required to send their notes within (2) business days from the date of their notices.
- 4- The draft minutes shall be edited in the light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and sent to the members, signed by the Committee secretary and chairman.
- 6- If any significant notes would be mentioned by the members, they shall be included in the next meeting agenda.
- 7- The signed version will be preserved in a special file accompanied by documents and correspondence related to the minute.

XI: Rights and Competencies of Governance Committee

To empower the Committee to fulfill its responsibilities, the Board has delegated the Board of the following powers:

- 1- Obtain the needed information from professional consultants in or out the Company.
- 2- Invite specialized employees of the Company to attend the Committee meetings, in order to discuss issues with them if necessary.
- 3- Ask for assistance of specialized consultants and expertise.
- 4- The Committee Members have equal voting rights unless the votes are equal, the chairman shall have the casting vote.
- 5- The executive Committee shall be entitled to contract with independent external entities to enrich discussion of raised topics and get neutral professional opinion.

Article 53: Company mechanisms and procedures to ensure compliance with laws, regulations and Board resolutions

A- The Company shall have an independent department responsible for CG & Investor Relations, which performs among its tasks the following:

- 1) Daily follow-up of the stock market, the movement of the Company's shares, and the volume of trades on it.
- 2) Update records by any new regulations or laws issued by The Ministry of Commerce or the Capital Market Authority and any amendments issued in relation to these regulations, and inform Members of the BOARD, sub-committees and senior executives about them.
- 3) Follow up on compliance with these regulations and inform the CEO of any matters that are not committed to, with a suggestion of how to implement and commit to them.
- 4) The Department of CG & Investor Relations has prepared a manual of work procedures and policies in which all circulars and regulations - issued by The Ministry of Commerce, the Capital Market Authority and the relevant authorities - have been registered that should be adhered to, especially with regard to disclosure, and updates it from time to time.
- 5) Follow up on the implementation of the Board's resolutions with the Executive Management and inform the BOARD during its meetings of the resolutions that have not been implemented (if any).
- 6) Work on updating the Company's Corporate Governance Regulations when new mandatory amendments or regulations are issued, while notifying Board Members, Committees and executives of this amendment.
- 7) Reviewing Disclosure Policies and Instructions for Companies' Announcements periodically, and verifying the compliance of the internal policy with best practices, with all provisions of the Capital Market Law,



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

and its implementing regulations and all mandatory regulations issued by Tadawul and the Capital Market Authority, in a way that helps to comply with the disclosure requirements and limit the corrective actions.

B- Among the duties of the Secretary of the BOARD is to ensure compliance with the rules and procedures set by the BOARD, review them on a regular basis, and follow up the implementation of the Board's resolutions.

C- The following is among the duties of the Audit Committee:

- 1- Verify that the Company is in compliance with the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulations of the Company.
- 2- Review and update the rules pursuant to statutory requirements and best practices.
- 3- Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- 4- 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.

D- Among the duties of the Internal Audit Department are the following:

- 1- Commitment to the applicable laws and regulations governing the field in which the Company operates
- 2- Commitment to the instructions of government and regulatory authorities that regulate the Saudi Stock Exchange.
- 3- Commitment to the applicable laws in accordance with the corporate governance system and the Company's Articles of Association.
- 4- Commitment to administrative policies and decisions regulating work.

E- In case that the Company establishes a Compliance Department/Governance Committee, its duties shall include the following (if approved by the Audit Committee):

To be competent to apply Corporate Governance and compliance to other Governmental Bodies' regulations, the department will be assigned to the competences stipulated in the Corporate Governance Regulations. The Compliance Department/Governance Committee shall oversee any matters relating to the implementation of Governance Regulations and controls, and shall provide the Board with its reports and recommendations at least annually. Compliance Department/Governance Committee duties include:

- 1- Verify that the Company is in compliance with the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulations of the Company.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 2- Review and update the rules pursuant to statutory requirements and best practices.
- 3- Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- 4- 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.
- 5- Verify that the Company is in compliance with laws and decisions of other Governmental Bodies as Ministry of Labor and Employment, Ministry of Commerce, Civil Defense, Saudi Customs, Provinces, General Authority of Zakat and Tax, etc.

Part 5: Internal Control

Article 54: Internal Control System

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company and compliance with the relevant laws and regulations. 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.

Article 55: Establishing Independent Units or Departments within the Company

- a) For purposes 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.
- b) The Company may utilize external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies.

Article 56: Duties of the Internal Audit Unit or Department

An internal audit unit or department assesses and monitors the implementation of the internal control system, and verifies that the Company and its employees comply with the applicable laws, regulations and instructions, and the Company's policies and procedures.



Article 57: Composing an Internal Audit Unit or Department

The internal audit unit or department shall be composed of at least one internal auditor whose appointment is recommended by the audit Committee. Such internal auditor shall be responsible before the audit Committee. The formation and operation of the internal audit unit or department shall take into consideration the following:

- 1) Employees of such department shall be competent, independent and adequately trained, and shall not be entrusted with any other functions.
- 2) The department shall report to the audit Committee, and shall be subordinate and accountable to it.
- 3) The remunerations of the manager of the audit unit or department shall be determined by a recommendation of the audit Committee as per Company's policies.
- 4) The department or unit shall be given access to information and documents, and shall be able to obtain the same without any restrictions.

Article 58: Internal Audit Plan

The internal audit unit or department 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 annually.

Article 59: Internal Audit Report

- a) The internal audit unit or department 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 or department. Such report shall also specify the procedures taken by each department 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.
- b) The internal audit unit or department 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 plan. 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.
- c) The Board shall specify the scope of the report of the internal audit unit or department, based on recommendations from the audit Committee and the internal audit unit or department. The report shall include the following in particular:
 - 1) Procedures for monitoring and overseeing the financial affairs, investments and risk management.
 - 2) Assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes in the Exchange.
 - 3) An assessment of the 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.
 - 4) 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).



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5) The extent to which the Company has complied with the internal controls when determining and managing risks.
- 6) Information describing the Company's risk management operations.

Article 60: Keeping Internal Audit Reports

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

Part 6: The Company's External Auditor

Article 61: Appointment, Dismissal and Resignation of the Company's Auditor

1. The Company shall assign the function of auditing its annual and quarterly 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 statements clearly and impartially express the financial position of the Company and its performance in the significant areas.
2. The Company shall have one [or more] auditors from among the auditors duly licensed to operate in the Kingdom. The auditor shall be appointed and its remuneration, term of office and duties shall be determined by the partners, the General Assembly or the shareholders, as the case may be, and may be re-appointed. The Regulations shall determine the maximum term of office of the individual auditor or the auditing Company and the latter's partner supervising the audit process.
3. The external auditor/s have the right -at any time- to review the Company's documents, accounting records, and supporting documents, and they may request data and clarifications that they deem necessary to obtain in order to verify the Company's assets and liabilities, and other things that fall within the scope of their work.
4. The General Assembly or the shareholders may, as the case may be, dismiss the auditor, without prejudice to the latter's right to be compensated for the damage sustained, if applicable. The Company's Manager or Chairman of the Board of Directors shall notify the Competent Authority of the dismissal decision and its underlying reasons, not later than [five] days following the date of issuance of the decision.
5. The auditor may resign by virtue of a written notice to be communicated to the Company, and its mission shall come to an end either on the submission date of the notice or at a later date to be indicated in the notice,



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

without prejudice to the Company's right to be compensated for the damage sustained thereby, if applicable. The resigning auditor shall submit to both the Company and the Competent Authority - when submitting the notice - a statement of the reasons for his resignation. The Company's Manager or Board of Directors shall call the partners or shareholders to a meeting or shall convoke the General Assembly to convene - as the case may be - to consider the reasons for resignation and to appoint a substitute auditor.

Article 62: Appointment of the External Auditor

The Ordinary 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 in Saudi Arabia.
- 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 63: Duties of the External Auditor

The external auditor shall:

- 1) Owe the duties of loyalty and care to the Company.
- 2) Notify the CMA if the Board fails to take appropriate actions in respect of suspicious issues it raises.
- 3) Request the Board to call for a 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 resulting 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, therefore.
- 4) The Company's auditor shall be independent in accordance with the professional standards applicable in the Kingdom.
- 5) The Company's auditor shall not perform any technical, administrative or advisory jobs at, or for the benefit of, the Company whose accounts are being audited, except as set forth in the Regulations.
- 6) The auditor shall neither combine his position as an auditor with any role as a co-founder of the Company whose accounts are being audited, nor assume any position in the management or Board of Directors of such a Company. Likewise, the auditor may not be a partner, employee or relative of any of the Company's founders, managers or directors, and may not buy or sell equity stakes or shares in the Company whose accounts are audited by him during the auditing period.
- 7) The auditor shall not disclose the confidential information, which comes to his knowledge in the course of performing its professional duties, to the partners or shareholders outside the meetings of the General Assembly or to third parties. Otherwise, the Company may seek compensation from the auditor in addition to having the right to dismiss the same.
- 8) The auditor shall submit a report to the Board of Directors if he encounters difficulty in performing his duties. The Chairman of the Board of Directors shall enable him to perform his duties.
- 9) The auditor shall submit to the Annual General Assembly a report prepared in accordance with the auditing standards approved in the Kingdom, which includes the Company's Management position in enabling him to obtain the data and clarifications he requested, and any violations of the provisions of the laws or the provisions of the Company's Articles of Association, within the limits of his competence, and his opinion



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

on the fairness of the Company's financial statements. The auditor must read out his report in the General Assembly.

Article 64: Nomination of the External Auditor:

The Board shall invite certified accountants that were nominated by the audit Committee. This invitation shall contain the task scope, in addition to conditions and obligations that the Company thinks they are necessary to achieve the audit process. These accountants shall be enabled by the Board to access the data and clarifications they require to identify the size and nature of the Company operations. Each accountant shall submit an offer to audit the Company accounts and a summary of his office, including in particular the following:

- a) The educational and professional qualification of the team work Members that shall audit as well as their name and nationalities.
- b) A clarification of work quality at his office.
- c) Entities that he asks for assistance for the purposes of auditing the Company accounts (if any), the aspects in which they shall participate, the nature of their participation, their qualifications, and the experiences of the individuals who shall be asked for assistance in this regard.
- d) Previous office experience in auditing similar companies.
- e) Size and statement of the office subsidiary branches and technical employees number that work at the office.
- f) Hours scheduled for each team work Member (partner, audit manager etc...).
- g) The kinship between the certified accountant or the team work that shall perform the audit and the Board Members (if any) and the business relationship between the certified accountant and the Company or any Member of its Board Members (if any).
- h) Expected date of preparing his report on the financial statements of the Company.
- i) Auditing fees.

Article 65: General Conditions:

- Permit to work in the Kingdom of Saudi Arabia.
- Long experience in auditing joint stock or limited liability companies.
- Having a specialized department in the review of computer systems and information systems or hiring a specialized office in this field.
- Auditing a number of joint stock companies and limited liability companies during the past three years.

Article 66: Educational and professional Qualification of the Owner/ Partners:

- Holding a PhD, Master, or Certified Professional Fellowship in Accounting (CPA) or Auditing or (CIA).
- Long practical experience in financial audit.



Article 67: Educational and professional Qualification of Auditing Directors and Supervisors:

- Holding a specialized postgraduate professional certificate from the Kingdom of Saudi Arabia or abroad, either (CPA) or (CIA).
- Long practical experience in financial audit of shareholding or limited companies.

Article 68: Educational and professional Qualification of the Information System and Technology Audit

Director:

- Holding a professional postgraduate certificate of Information Technology (CISA).
- Long practical experience in information technology at shareholding or limited companies.

Article 69: Kinship:

It is not permissible to combine the work of an external auditor with the participation in the founding of the Company or the membership in the Board of Directors, or performing technical or administrative works in the Company or for its benefit, even in the shape of consultation. Also, the external auditor may not be a partner with any of the Company's founders or a Member of its Board of Directors, or an employee of him or a relative of him to the second degree. Any act to the contrary shall be void, with his obligation to return to the Company what he received.

The office shall be excluded from tender in the event that one of the conditions mentioned above is not met, and the audit Committee has the right to exclude it from any of the conditions mentioned above based on certain considerations.

Article 70: External Auditor Bid Analysis:

- 1- The Company management shall prepare a comparative table of the bids submitted by the certified accountants in accordance with the data referred to in Article 12, and submit it to the audit Committee, accompanied by the bids and data submitted by the certified accountants.
- 2- The Committee shall study the comparative table, bids and attached data. It shall invite the audit of team each office separately for a meeting to discuss the bid submitted by it in light of the above conditions.
- 3- The Committee shall develop a memo to be presented to the Board, stating a summary of its analysis of the submitted bids, nominating one or more certified accountants to audit the Company accounts and indicating the basis on which the nomination was made.
- 4- **The audit Committee may exclude any of the above conditions while choosing a submitted audit bid.**
- 5- The Board shall present to the General Assembly the recommendation submitted to the Board by the audit Committee indicating the names of certified accountants who submitted their bids and then their nomination by the audit Committee to audit the Company accounts as well as the auditing fees and the basis on which the nomination was made. Moreover, the General Assembly shall appoint one or more certified external auditors to audit the Company accounts, with specifying their remunerations and work duration.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Article 71: Audit Period:

The General Assembly appoints the auditor of the Company and determines his remuneration and term of work. It may also re-appoint the auditor, provided that the total period of his appointment does not exceed the period specified by the competent authority. The General Assembly may also change it at any time without prejudice to its right to compensation if the change occurred for an illegal reason. The audit period shall be calculated from the financial statements for the second quarter to the financial statements for the first quarter of the following fiscal year.

Part 7: Professional and Ethical Standards

List of Rules of Business Conduct and Ethics

This List of Rules of Business Conduct and Ethics (LRBCE) of Fitaihi Holding Group and its subsidiaries, in addition to the various policies adopted by the Company, representing all of our highest moral and ethical standards. We have designed this List to enable you to clearly and fully understand the behavior we expect from all of our employees and Board members, in each location where we practice our business. Although the main goal of this (LRBCE) is to guide your behavior, it cannot and it is not intended to address all the circumstances that you might be facing. This (LRBCE) does not constitute a manual of instructions on the Rules that must be adopted in the workplace.

You should be aware that Fitaihi Holding Group has its own policies in the operating and investment of assets, and data privacy. Conflict of interests and behaviors is possible to occur in the workplace, and some of these areas are covered by this (LRBCE). All Board Members & employees must review this (LRBCE) of Fitaihi Holding Group.

You are liable for the integrity of your actions and the consequences. Actions should be judged in terms of being legal and fair. We will not accept any excuse for your inappropriate behavior, even if resulted from the incitement or request of others. We will not accept any excuse for your ignoring of the unlawful or immoral actions of others. You must also cooperate in any internal or governmental investigation about these misuses or abuses, when called to do so.

The employee who violates the rules of this (LRBCE) of Fitaihi Holding Group will be punished. Punishment procedures will vary based on the case and circumstances of each event. It can be limited to a rebuke letter, or a



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

formal warning, or the denial of increases or bonuses, in addition to the suspension from work. It also can reach to the dismissal, and/or referral to a formal investigation.

In general, if the law has standards higher than the standards of the (LRBCE) of Fitaihi Holding Group or its policies, the Company in this case, should follow these higher standards. If one of the terms of the (LRBCE) or of our policies is a breach of the law, it must be subject to the amendment to in order to be consistent with the applicable laws. Please do not judge these things according to your personal point of views, as when you encounter such a conflict, it becomes necessary to consult specialists about it in order to know the best way to resolve the situation.

The employee and any related party who informs the management about existing REAL violations to our policies, and participates in the running related investigations in good faith, is protected by the Company's rules. The workers, who give false or inaccurate statements and information, might be exposed to disciplinary procedures which can reach to the dismissal from work.

This (LRBCE) doesn't represent any employment agreement, and does not guarantee in any way the continuation of the employee in his work. This (LRBCE) do not impose any contractual rights, and does represent a guarantee of work for any specific period. It is not intended by this (LRBCE) that a Board Member or any employee will be granted any rights not provided for by law.

Should you have any question about this (LRBCE) of Fitaihi Holding Group and its policies, or about your own ethical accountability, or any uncertainty of some possible violations, please discuss it with the head of your department, HR manger, or the internal audit department, or the CEO, or the Chairman of the Board.

Some of the basic ethical rules that govern the activities of the Company are as follows:

Integrity and commitment to the law:

- 1- All of our activities must be completed in an ethical way that reflects our commitment to the principles of integrity, honesty and fairness.
- 2- You must always comply with the applicable rules and laws everywhere the Company's business is being accomplished.
- 3- You must also provide accurate information about yourself, and with respect to all business matters. If you fail to do so, you might be subject to disciplinary punishment from our side, and you may be subject to criminal penalties and alike because of violation of the law.
- 4- You must stick to ethics when trading or communicating or using data. All our business records must be always complete, accurate and reliable, and should be prepared and maintained in accordance with the applicable laws and procedures of the financial accounting and internal control.
- 5- All reports that are sent to governmental parties must be complete and accurate.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

6- Neither the Board Members nor the employees are entitled or permitted to answer the media or investors' inquiries or disclose any of the financial data that is not supposed to be declared.

Maintain the funds and property of the Company:

1- All issues related to the funds and properties of the Company must be carefully dealt and checked. The Company will not tolerate any false statements, wastage or attempt to steal or fraud of its funds or property.

2- You have to protect the assets of the Company, and be sure they are used in a proper way.

3- Theft, negligence, and wastage, are not only wrong issues but also have a negative impact on our performance.

4- These assets include the intellectual property, the name of our Company, our logos and brands, in addition to the ideas, plans and strategies, computers, telephones, furniture, fixed assets and equipment.

Protection of confidential information:

1. You must maintain the confidentiality of all information not intended for publication.

2. You must not disclose any confidential data to your friends or relatives or any people, and you are prohibited as well from discussing confidential issues with work colleagues in public places such as elevators, aircraft or restaurants.

3. You are totally prohibited from using the inside/secret information in order to achieve your personal direct or indirect interests.

4. You are not allowed to buy or sell shares of the Company or of other parties we are dealing with, whenever you have important information not intended for publication about Fitaihi Holding Group or one of its subsidiaries, or investments. Please read the "Confidentiality of Information Policy."

5. The Company define precise, clear and clear rules governing the authority and timing of access to the internal information of the Company, in such a way as to prevent the Members of the Board of Directors, executive management and others from disclosing it to any person except within the prescribed limits.

Avoid conflict of interests:

1- Conflict of interests take place once your personal interests interfere or conflict, or look to overlap or conflict with the interests of Fitaihi Holding Group.

2- As the business decisions taken must serve the interests of the Company and not your personal interest, you must avoid conflict of interests, and you should be aware that the bad behaviors would destroy the reputation of the Company.

3- Employees must not accept gifts and valuable things, which have no legal basis or are not right to accept, from the parties who are dealing with Company.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Respect of work colleagues and help of providing a safe workplace:

- 1- You must respect your work colleagues, and treat them politely and equally, away from discrimination, bullying, harassment and retaliation.
- 2- You must avoid making any comments or conduct that could be construed as harassment or bullying or reflect bias on your part on the basis of any protected classification, including, inter alia, race, religion, national origin, age, gender or disability.
- 3- Every employee deserves that the Company provides him/her a safe environment free from work hazards, violence or threats of violence or intimidation. You are strictly prohibited from uttering any ill-verbal or doing any other behavior that involves a threat to individuals or the property of the Company including the possession of weapons.

The (LRBCE) Includes the following:

1. All have to stick to loyalty, honesty and moral principles at all times where they exercise their duties and responsibilities, taking into account the sake of the Company and prioritize its interests at all times.

2. All Board Members & employees have to stick to the following:

- A- The presence in workplaces as requested by the rules. No absence from workplaces without obtaining permission and as per the rules.
- B- All entrusted tasks to be carried out effectively, while maintaining standard levels of professional performance.
- C- Compliance with instructions, rules, and laws.
- D- Respect the others' privacy.
- E- The confidential information must be used for business interest & purposes only.
- F- The use of the assets, facilities, resources and corporate funds is exclusive for the Company, and not for achieving personal interests.
- G – The employees are not allowed to request or to get any fees or commissions from any person or party works with the Company. The Company will exclusively pay any fees or expenses related to the completion of work tasks.
- H- Discrimination between colleagues on the basis of religion, race or color is prohibited. No physical or verbal harassment or violence is allowed. Possession or carrying of weapons in the workplace is prohibited.
- I- Possession or use of drugs or alcohol in general and at any place is totally prohibited.
- J- Adherence to the principle of no conflict of interests.
- K- Adherence to this list of rules and the laws and regulations of the Kingdom of Saudi Arabia.
- L- Each Board of Directors represents all shareholders and takes extreme care of the interests of the Company, shareholders and others too, and do not prioritize the interests of the group of investors by whom he was selected.
- M- Everyone, including the Members of the Board of Directors, must not exploit the job position in order to achieve their own interests or otherwise.



The non-compliance with the principles of The (LRBCE) includes the following:

1. The lack of adherence to the above mentioned principles of the (LRBCE) is considered a very bad professional behavior. The insistence on or repetition of such bad behaviors are considered a serious professional violation.
2. Your bad behaviors at work, will force the Company to send you a Warning Notice, while your insistence on bad behaviors, will lead the Company to dismiss you or dispense you from the service without notice or warning.
3. Serious bad behaviors are from the main reasons that lead to the termination of the employment contract between the worker and the Company. These serious bad behaviors include, but not limited to, the following examples:
 - A- When you refuse to perform the entrusted tasks properly, or refuse to comply with the instructions issued by the directors.
 - B- When you attack or threat of attacking any of the employees or customers of the Company.
 - C- When your actions represents a dangerous threat to the safety of the workers or customers of the Company.
 - D- When you use or get unlawfully any of the Company's property or its customers' property.
 - E- When you provide or register intentionally any wrong information in the Company's records.
 - G- When you insist on repeating the non-compliance with the (LRBCE).
4. You should not underestimate the formal disciplinary actions that will be taken against you by the Company in case of your violation of the (LRBCE).

Reporting about wrong behaviors:

If you happen to notice a violation of any regulations or laws, that may harm the Company, either from a colleague or a current or former employee, or a customer of the Company, you have to report immediately to any of the following:

- 1- Your direct manager
- 2- Human Resource Management
- 3- Department of Compliance - Director
- 4- CEO
- 5- Chairman of the Board

When you do not report about such violations, you may be exposed to a punishment in case it's proved you knew about those violations.

Application:

This (LRBCE) is applied on all of the Board Members and employees of the Company, without exception.



Part 8: Social Responsibility and Social Initiatives

Annex (4)

Part 9: Disclosure and Transparency Policy

Introduction:

- 1) The definition of disclosure policy of the information related to the Company's business is critical , as it defines what to be disclosed, to whom, how, when, who is responsible for the disclosure process, and thus, the Company has a clear and detailed reference and methodology for disclosure.
- 2) The audit committee may carry out the disclosure process or form a committee to be responsible for the disclosure process, and its functions, responsibilities and powers shall be determined, and the Company's policy in dealing with rumors and market expectations and how to respond to them.

Article 1: Policies and Procedures of Disclosure

Without prejudice to (the Rules for Offering Securities and Continuing Obligations), 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 non-misleading fashion, 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 **(For guidance)**
- 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; and
- 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 2: Information to be disclosed

- 1) Any correct and not misleading. The Company shall inform the CMA and public without delay (before the first trading period in the market following developments) any significant developments within its activity. Such information is not available to the public and may affect its assets and liabilities, financial position, the scope of its business, or its subsidiaries, that may lead to change in the share price or significantly affect the ability of Company to fulfill its obligations



2) Among these significant developments that Company shall disclose -including but not limited to- the following:

1. Any transaction to buy, sell, mortgage or lease an asset at a price equal or more than 10% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
2. Any indebtedness outside the normal activity of the Company equal or more than 10% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newest.
3. Any losses equal or more than 10% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
4. Any major change in the Company's production and trading field includes, but is not limited to, the availability and access to resources.
5. Changing the CEO, or any change in the composition of the Board of Directors or in Audit Committee.
6. Any dispute including lawsuit, arbitration or mediation, if the amount of dispute or claim is equal or more than 5% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
7. Any judgement issued against the Board of Directors or one of its members, if the subject of the judgement is related the business of Board of Directors or one of its members.
8. Any increase or decrease in the net assets of the Company equal or more than 10% in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
9. Any increase or decrease in the total revenues of Company equal or more than 10% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
10. Enter into contract with revenues equal or more than 50% of the total revenues of the Company in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
11. Any transaction between the Company and related party or any arrangement under which the Company and a related party invest in any project or asset or provides finance to it if this transaction or arrangement equal or exceeds 1% of the Company's revenues in accordance with the latest annual audited financial statements.
12. Any interruption in any of the main activities of the Company or its subsidiaries, equal to or more than 5% of the total revenues of the Company according to the latest audited annual financial statements.

3) All matters required by the Capital Market Authority regulations and relevant entities shall be disclosed timely and via the authorized means. These requirements include, but are not limited to, the following:

1. Time of shareholders meeting and meeting schedules.
2. Basic information about subsidiaries and the fields in which they operate.
3. The annual and quarterly financial reports and their results in the required format, at the times, and through the means specified for that, immediately upon approval by the BOARD.



4) The Company must inform the CMA without delay about the following:

1. Any proposed change in the capital.
2. Any decision to declare profits, recommending their declaration, paying shares thereof, or making other distributions to the holders of listed securities.
3. Any decision or recommendation not to disburse dividends in cases where the Company is expected to distribute profits.
4. Any decision to call, repurchase, withdraw, redeem or offer to buy its securities and the total amount, number and value of the securities.
5. Any non-payment decision related to debt instruments or convertible debt instruments.
6. Any change in the rights associated with any class of listed shares or convertible debt instruments.

5) The Company must inform the CMA and the public without delay about the following:

1. Any change in the articles of association or the headquarters of the Company.
2. Any change to the chartered accountant.
3. Submitting a winding-up petition, issuing a liquidation order, appointing a liquidator for the Company or any of its subsidiaries under the Companies Law, or starting any procedures under the bankruptcy laws.
4. A decision is issued by the Company or any of its subsidiaries to dissolve or liquidate the Company, or an event or the expiry of a period of time that requires the Company to be placed under liquidation or dissolution.
5. The issuance of a judgment, decision, declaration, or order from a court or judicial authority, whether in the first instance or in the appeal, may negatively affect the Company's exploitation of any part of its assets whose total value exceeds 5% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
6. Calling for the General Assembly and its agenda.
7. Any indebtedness outside the normal activity of the Company equal or more than 10% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
8. Any losses equal or more than 10% of the book value of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
9. Any major change in the Company's production and trading field includes, but is not limited to, the availability and access to resources.
10. Changing the CEO, or any change in the composition of the Board of Directors or Audit Committee.
11. Any increase or decrease in the net assets of the Company equal or more than 10% in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
12. Any increase or decrease in the total revenues of Company equal or more than 10% of the Company's net assets in accordance with the latest audited preliminary financial statements or audited annual financial statements, whichever is newer.
13. Any transaction between the Company and related party or any arrangement under which the Company and a related party invest in any project or asset or provides finance to it if this transaction or arrangement



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

equal or exceeds 1% of the Company's revenues in accordance with the latest annual audited financial statements.

14. Ownership of a substantial quantity of shares.

A) The person related to the event shall notify the Company and the Authority within a period not exceeding the end of the third trading day following the day on which any of the following cases are fulfilled:

- 1) When a person becomes an owner or has an interest in (5%) or more of the shares eligible to vote, or debt instruments convertible into shares, and the notice shall include a list of persons who have an interest in the shares they own or control.
- 2) When any change occurs to the aforementioned persons list due to an event, it is necessary to exclude a person or add a person to this list within a period not exceeding the end of the third trading day following the occurrence of the event that led to the relevant change.

B) When calculating the total number of shares in which a person has an interest, the person shall be deemed to have an interest in shares owned or controlled by any of the following people:

- 1) That person's spouse or minor children.
- 2) A Company controlled by that person
- 3) Any other people that person has agreed with to obtain an interest in the Company's shares.

C) The notice - referred to in Paragraph (a) of this Article - shall be in accordance with the forms approved in this regard by the CMA, provided that it includes information not less than the following:

- 1) Names of the persons who own the shares or have the right to dispose of them.
- 2) Details of the acquisition process.
- 3) Details of any financial support from another person for the acquisition or financing loans.

Article 3: Disclosure of Crucial Information

1) - Important information means all the information imposed by the statutory requirements and any information that could lead to a significant change in the share value, in addition to any information expected -for reasonable reasons- to have a significant impact on investors' decisions.

2) - The management of the Company can voluntarily disclose any information that exceeds the statutory requirements. Of course, this voluntary disclosure shall obtain the prior approval of BOARD, with an evaluation of the matter if it needs approval from the Capital Market Authority in the beginning, before announcing or disclosing it in the market.

3) - If the Company deems that the disclosure of a matter that shall be disclosed according to the regulations of governance could lead to unjustified harm and it is unlikely that failure to disclose that matter will mislead investors regarding the facts and circumstances which is necessary to be informed of, to evaluate the relevant securities, the



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Company may apply for exemption from that. In this case, the Company shall provide the Authority with complete confidentiality with a statement of the required information and the reasons why the Company should not disclose it at that time. If the CMA deems that the exemption request is accepted, it may at any time compel the Company to announce any information related to the relevant exemption.

Article 4: Language of Advertisements, Notices and Reports

- a) All announcements, notices and reports issued by the Company shall be in Arabic and English.
- b) The Arabic language shall be the adopted language for clarifying and interpreting advertisements, notices and reports. In case of any conflict between the Arabic and the English text, the Arabic text shall prevail.

Article 5: General Guidelines for Disclosure

Company spokesmen shall be obliged to a number of guiding principles to ensure the effectiveness and impact of communication, including:

- 1) The Company discloses any important developments or matters required by official authorities in KSA, in a manner complies with the confidentiality of important information.
- 2) The Company refrains from selectively disclosing "important information" so that there is no preference for one group of the investment community over another.
- 3) Confidential information (which is not subject to disclosure) can be disclosed within the Company's borders - and as narrowly as possible.
- 4) Communication with the investment community shall be done through the Company's spokesmen.
- 5) The Company should not react with rumors or financial projections published about it unless these incorrect matters could negatively and significantly affect the Company's business and activities or harm its reputation. Nor will it try to influence the opinions or conclusions of analysts.
- 6) The Company shall try to set a consistent and appropriate timing for the disclosure to avoid appearing as is disclosure in a selective manner.
- 7) BOARD shall take into account that important confidential information can be partially or completely leaked. In case that this important confidential information is leaked - at any time and unintentionally - the Company shall fully disclose and publish to the investment community.
- 8) The Company shall communicate with its employees internally at the same time it communicates externally; as it is important that employees know what is going on in their Company before the newspapers and media.
- 9) The Company shall always seek to ensure that its message reaches multiple channels.
- 10) All that is required by the regulations of the Capital Market Authority and the relevant authorities shall be disclosed at the times specified for this and through the licensed means. These requirements include, but are not limited to, the following:
 - 1) Time of shareholders meeting and meeting schedules.
 - 2) Basic information about subsidiaries and the fields in which they operate.
 - 3) The annual and quarterly financial reports and their results in the required format, at the times, and through the means specified for that, immediately upon approval by the BOARD.

- 11) All information and fundamental developments stipulated in this chapter shall be deemed as confidential information. The Company, before providing it to the CMA and announcing it on Tadawul, shall be prohibited from disclosing it to parties that have no obligation to maintain the confidentiality and protection



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

of information. The Company shall also take all necessary steps to ensure that no fundamental information and developments are leaked before providing the CMA with it and announcing it on Tadawul. The Company shall determine the need to publish an advertisement to the public in order to respond to any rumors related to any material developments, and the CMA may oblige the Company to do so as it deems appropriate.

Article 6: Disclosure of Financial Information

- a) The BOARD shall approve the preliminary and annual financial statements of the Company and to be signed by an authorized Member of the BOARD, CEO and the financial director, before publishing and distributing them to shareholders and others.
- b) The preliminary and annual financial statements and the BOD' report shall be submitted to the CMA immediately upon approval by the BOARD.
- c) The Company shall announce, through the electronic applications specified by the CMA, its preliminary and annual financial statements as soon as they are approved by the BOARD. Publishing these lists to the shareholders or others may not be done before they are announced in the market.
- d) The Company shall provide the CMA and announce to the shareholders its preliminary financial statements, which shall be prepared and examined in accordance with the accounting standards approved by SOCPA, as soon as they are approved and within a period not exceeding (30) days from the end of the financial period which these statements include.
- e) The Company shall provide the CMA and announce to the shareholders its annual financial statements, which shall be prepared and examined in accordance with the accounting standards approved by SOCPA, as soon as they are approved and within a period not exceeding (3) months from the end of the financial period which these statements include. The Company shall provide the CMA and announce to the shareholders these annual financial statements within a period not less than (21) calendar days prior to the date of the Annual General Assembly date.
- f) The Company shall ensure that the chartered accountant who reviews the financial statements, and any partner with him, is committed with the rules and regulations of the SOCPA in relation to the ownership of any shares or securities of the issuer or any of its affiliates, including the independence of the chartered accountant and any partner or employee in his office.

Article 7: Disclosure in the Board Report

The Company shall provide the CMA and announce to the shareholders within a period not exceeding (3) months from the end of the annual financial period a report issued by the BOARD including a presentation of its operations during the last fiscal year, and all the factors affecting the Company's business that the investor needs to evaluate the Company's assets, liabilities and financial position.

The Company shall also send the annual report of the BOARD to the CMA immediately upon its approval by the BOARD, along with (Disclosure Form of Compliance with Corporate Governance Regulations - Form 8) during the period specified for sending the annual Board Report.

The annual financial statements, a full summary of the report of the BOARD and the full text of the auditor's report shall be announced at least (21) days prior to the date of the Annual General Assembly.

The report of the BOARD shall include a set of important information as mentioned in the Rules on the Offer of Securities and Continuing Obligations, and according to any amendment to them.



Article 8: Company-wide Disclosure

Without prejudice to the disclosure requirements stated by professional standards or approved regulations, rules and instructions, the Company shall disclose the following information:

- 1) The Company's objectives, and a summary of the strategy followed to create added value for shareholders. (If possible, according to the sensitivity of the objectives or plans set)
- 2) Major shareholders and voting rights.
- 3) Most important potential risks.
- 4) Conflicts that expose the interests of shareholders to great risk.
- 5) Related party relationships (customers, suppliers, community, etc.).

The Board shall undertake the implementation of the aforementioned disclosure requirements during the period specified by the Board.

Article 9: Disclosure related to the Board members

A) - The BOARD shall organize the disclosure processes for each of its Members and Members of the executive management, and the following information shall be disclosed:

- 1) Members' names, and a summary of their qualifications and experiences.
- 2) Any important interests in transactions, or matters affecting the Company (disclosure of the independence of the members).
- 3) The number, structure, and scope of responsibilities of the Board's committees.
- 4) In case that there is one shareholder controlling the Company, the Company shall disclose whether all shareholders are represented fairly in the Board if there is doubt about that.

B) - Subject to the following:

- 1) Establishing a special register for the disclosures of Members of the BOARD and the Executive Management and updating it periodically, in accordance with the disclosures required under the Companies Law and the Capital Market Law and their implementing regulations.
- 2) Enabling the shareholders of the Company to view this register free of charge.

Article 10: Disclosure of Remunerations

a) The Board shall:

- 1) Disclose the remuneration policy and the method by which remunerations of the Board and Executive Management are determined.
- 2) Provide an accurate, transparent and detailed disclosure in the Board report on the remunerations granted to the Board Members and Executive Management, directly or indirectly, without any omission or misleading



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

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 is the market value on the due date.

- 3) Clarify the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- 4) a description of the necessary details with respect to the remunerations and compensations 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 chief executive officer and chief financial officer are among them.
 - C- Committee Members.
 - D- The disclosures in this Article and in the Board report shall be pursuant to the appended schedule

Article 11: Disclosure Related to Shareholders

Shareholders shall disclose the following information:

A) The person related to the event shall notify the Company and the CMA within a period not exceeding the end of the third trading day following the day on which any of the following cases are fulfilled:

- 1) When a person becomes an owner or has an interest in (5%) or more of the shares eligible to vote, or debt instruments convertible into shares, and the notice shall include a list of persons who have an interest in the shares they own or control.
- 2) When any change occurs to the aforementioned persons list due to an event, it is necessary to exclude a person or add a person to this list.

B) When calculating the total number of shares in which a person has an interest, the person shall be deemed to have an interest in shares owned or controlled by any of the following persons:

- 1) That person's spouse or minor children.
- 2) A Company controlled by that person
- 3) Any other people that person has agreed with to obtain an interest in the Company's shares.

C) The notice - referred to in Paragraph (a) of this Article - shall be in accordance with the forms approved in this regard by the CMA, provided that it includes information not less than the following:

- 1) Names of the persons who own the shares or have the right to dispose of them.
- 2) Details of the acquisition process.
- 3) Details of any financial support from another person for the acquisition or financing loans.

Article 12: Rules for Disclosure

The following Rules shall be followed upon disclosure:

1) Timing: Important and new developments during the period of publishing the periodic reports shall be immediately disclosed to all market participants (via Tadawul website) before the start of the trading session following the occurrence of developments or immediately after the end of the trading session.



2)- Precision: All information disclosed shall be accurate and sufficient.

3) - Disclosure Methods: The information shall be disclosed to all shareholders, first through the official Tadawul website on the Internet, then after that it can be disclosed through reports, circulars or electronic newsletters, and it can also be published as press news through the media.

4) - Confidentiality of Information affecting the Share Price: Information that could affect the share price shall be disclosed. As for the other information that is withheld, it shall be dealt with in complete confidentiality, including withholding it from anyone who can benefit from it inside or outside the Company. Board members, committees and Executive Management shall deal with the data and documents they receive within the scope of their duties with complete confidentiality.

5) - The Commitment of the Insider: An insider person is prohibited from disclosing any inside information to any other person, and he knows or should know that this other person can trade in the Company's securities based on that internal information.

6) - The Commitment of the Uninformed Person: Anyone not informed of the information is prohibited from disclosing to anyone else any inside information obtained from an informed person, and knew or should know that the other person disclosed to him can trade the security related to the inside information.

7) - Governance Principles in conflict with other Laws:

When the principles of governance conflict with one of the articles of the Company's articles of association or other regulatory requirements, the Board shall propose the required amendments and approve them through the legal channels.

8) – Timing and Format of Information Disclosed:

Below we explain the timing and format of the information that is often disclosed regularly:

- **Annual General Assembly Meeting**, the assembly invitation, attendance authorization form, and Board membership conditions are uploaded to Tadawul and the Company's website.
- **Annual and Quarterly Reports**, to be announced on the Tadawul website within the waiver period and in the format specified by the Capital Market Authority, then after that an electronic copy of them is uploaded on the Company's website.
- **Letters to Shareholders**, to be disclosed whenever needed.
- **Newsletters for Employees, Customers, and Suppliers** to be disclosed as needed.
- **Press releases**, to be disclosed whenever needed, and made by phone, press conferences, or electronic messages, or else.
- **Advertising and promotional activities**, to be disclosed whenever needed.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

The following are the requirements of the Capital Market Authority and the relevant authorities regarding the timing of disclosure of some important information:

- The CMA shall be provided with an approved copy of the preliminary financial statements of the Company and the results shall be announced to the shareholders within a period not exceeding (30) days from the end of the quarterly financial period.
- The BOARD shall approve the annual financial statements, and the Company shall provide the CMA and announce to the shareholders about its annual financial statements immediately upon approval and within a period not exceeding (3 months) from the end of the annual financial period.
- The Company shall provide the CMA and announce to the shareholders about these annual financial statements within a period not less than (21) calendar days prior to the date of the Annual General Assembly date.
- The Company shall provide the CMA and announce to the shareholders within a period not exceeding (3) months from the end of the annual financial period a report issued by the BOARD including a presentation of its operations during the last fiscal year, and all the factors affecting the Company's business that the investor needs to evaluate the Company's assets, liabilities and financial position.
- The Company shall also send the annual report of the BOARD to the CMA immediately upon its approval by the BOARD, along with (Disclosure Form of Compliance with Corporate Governance Regulations - Form 8) during the period specified for sending the annual Board Report.

Article 13: Disclosure Stages

After the Board approves the disclosure process for a specific matter, the disclosure shall be carried out through basic stages, including the following:

- 1) Collecting, preparing, formulating and reviewing the information to be disclosed.
- 2) Coordination with the Executive Management regarding the disclosure of this information.
- 3) Disclosure through statutory means at the specified times and for the target groups.

Article 14: Company Spokesman

- 1) The Board of Directors shall determine the main spokesman for it towards the investment community, and define their powers and topics that they can disclose. Often the spokesman are Members of the BOARD, CEO, and some senior executives who are permitted to disclose certain matters.
- 2) The Board may define specific names from inside or outside the Board whose duties include disclosure to the investment public - in general or on specific matters - whether for a long period or for a specific one.
- 3) The council may - at any time it deems appropriate- to exclude some speakers or include others, and it can also amend the powers granted to official spokesman.
- 4) Any individual, group or entity may not officially speak about the Company before the investment public without having written permission from the BOARD to do so.
- 5) The Chairman of the BOARD, CEO and the BOARD may authorize an individual or entity to speak officially of the Company on specific matters, provided that this matter shall be submitted for approval later by the BOARD at the first meeting follows.



Article 15: Silence Period

- 1) In order to avoid selective disclosure, the Company shall determine a quarterly silence period (from the end of each quarter of the year until the quarterly and annual results are issued), and during that period the spokesman will not comment on the status of the quarterly operations or the expected results.
- 2) During the silence period, spokesman will not hold meetings or contacts with analysts, the investment community, or media, and will refrain from discussing any issues related to profits and financial performance with any individual or any third party. This excludes discussions or participants in meetings, conferences or phone conversations on non-profit information and financial performance of the period.

Article 16: Future Information

- 1) The Company shall refrain from providing expectations of future profits and other financial results, but it can provide the investment community with sufficient future expectations and information to enable them to reasonably evaluate the Company and expectations of its future performance, provided that this information is not classified under the item "Important Confidential Information" (non-disclosure).
- 2) This information should not address future profits, unless approved by the BOARD or the Audit Committee.
- 3) This future information may include expectations of numbers of purchases, sales, inventory, costs, expenses, new projects, or activities.

Article 17: Disclosure Committee

The Audit Committee can prepare the disclosure process, and it can form a sub-committee called the Disclosure Committee, its membership includes all or some of the following:

BOARD Member who is a Member of the Governance Committee (Committee Chairman)

General Manager of Financial Department (Member)

Director of Corporate Governance & Investor Relations (Member)

Director of Public Relations Department (Member)

Others according to the nature of the decisions and their topics if needed (Member)

Article 18: Dealing with Rumors

- 1) The best way to deal with rumors is not to respond to them or to the market expectations. Spokesman shall explain that it is the Company's policy to "avoid rumors or market expectations". in order not to give any party or person the opportunity to achieve private gains, whether by purchasing or selling, if the rumor is correct or wrong. Unless these rumors could negatively and significantly affect the Company's business and activities or harm its reputation.
- 2) The Board shall take into account that important confidential information can be partially or completely leaked. In case that this important confidential information is leaked - during the silence period and unintentionally - the Company shall have to fully disclose and publish to the investment community.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 3) If, however, the Capital Market Authority or the relevant authorities request the Company to issue a clarifying statement about those rumors that caused significant fluctuation in the trading of the Company's shares, the Audit Committee and the Executive Management shall consider the matter and decide to make an exception to respond to these rumors through a comprehensive announcement to the public of investors, confirming or denying these rumors.

Article 19: Communicate with Financial Analysts

- 1) Official spokesman shall disclose the information declared to be disclosed, and if the Company desires to announce important information during a general or individual meeting or media conference, **first**, it shall be disclosed to the public of investors (on the Tadawul website) and by the means specified by the Capital Market Authority and the relevant authorities. Then this important news shall be uploaded to the Company's official website for the investment public to view.
- 2) The Company will not comment on the reports of financial analysts - unless they are wrong - in a way that may mislead the investment public, and within the scope of information already disclosed to the public of investors.
- 3) In order not to affect the investment public, the Company shall not upload the reports of financial analysts on its website.

Article 20: Rules for the validity and access to inside information (Confidential and very important that could affect the share price)

	Time of Access
Shareholder	Can have access only after being published on the Tadawul website
BOD	Can have access at any time, with a commitment to strict confidentiality
Audit Committee	Can have access at any time, with a commitment to strict confidentiality
Chartered Accountant	Have an access- upon request - with a commitment to strict confidentiality
Executive Management	Senior Executives - each according to its position - are entitled to view internal information related to his work to know the direction and work on planning and implementation, with a commitment to strict confidentiality
Community and Suppliers	Can have access only after being published on the Tadawul website



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Capital Market Authority	Can have access directly upon request, and according to the timing of disclosure determined by the Capital Market Law and its implementing regulations
Communication Channels with the investment community	
<ol style="list-style-type: none">1 Company page on the Tadawul website: www.saudiexchange.sa/2 Company Official Website: www.fitaihi.com.sa3 E-mail: SH@fitaihi.com.sa4 CG & IR Department Tel: 012- 2604200	
Part 10: Communication	
Communication shall be made with parties other than the investment community, and this communication falls under the previous chapter regarding disclosure and transparency. The communication policy shall include employees, customers and suppliers.	
Article 76: Communication with Employees	
Objectives:	
<ol style="list-style-type: none">1) Employee's understanding of the Company values, vision, objectives and initiatives, and helping such employee realize the importance of their role in this area.2) Motivating employees and developing a sense of loyalty to the Company by participating in meetings.3) Notifying employees with new decisions and directions of the Company which already previously were announced to the investment community.	
Communication Scope with Employees:	
<ol style="list-style-type: none">1) Strategic changes- vision, strategy and priorities etc...)2) Changes to main systems, such as Company governance system, policy and procedures, etc...)3) Amendment to internal regulations.	



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 4) Extension plans- such as merger, acquisition, transforming the activity to a new geographical area or new product.
- 5) Important internal administrative changes and the organizational structure and its modifications.
- 6) Others- such as employee benefits, customer and supplier contracts, social commitments, etc.

Roles and Responsibilities:

Communication with employees is the responsibility of all direct employee directors, the HR Department and the Company executive department.

Information Dissemination Methods:

Various methods can be used such as meetings with employees, internal e-mail, social networks, internal broadcasting, hanged or distributed circulars to all employees, through publications directed to employees or face to face contact by the Company executive department.

In addition to, mobile messages or advertisements in newspapers, magazines, road, television, and radio, publications issued by the Company, direct mail, the Company's website, social networking sites, etc.

Article 77: Communication with Customers:

Objectives:

Marketing and sales department and customer service department shall communicate with customers in person or through phone calls in order to clarify services, new goods or benefits of displayed items to them. Through that, we can know objections, suggestions and opinions that help develop the Company business and increase customer loyalty to the Company. By such communication, all employees shall seek customer satisfaction as much as possible.

Communication Scope with Customers:

By communication with the Company, customers shall get to know the new products, changes may occur to services, branches that were opened or will be opened, new prices, etc.

Roles and Responsibilities:

Communication role with customers is assumed by the Marketing and Sales Department and the Customer Service Department after coordination with the Executive Management in this regard.

Information Dissemination Methods:

By various methods such as mobile SMS, newspaper and magazine advertisement, TV and radio advertisement, publications issued by the Company, direct mail, Company website, Social networks, etc...



Article 78: Communication with Suppliers:

Commercial Department and Procurement Department shall coordinate with the Executive Department with respect to communication with suppliers in the way that helps strengthen cooperation and decrease goods and service prices that the Company shall domestically buy or import from abroad. In addition, it can also improve payment terms and conditions. Procurement Department can achieve these objectives by clarifying some of the features of the strategic plan related to extending new activities, opening branches or conducting promotional campaigns. Communication shall be done by correspondence, calls and interviews that shall be conducted from time to time with suppliers in the Kingdom or in foreign exhibitions.

Part 11: Keeping Documents

Article 79: Maintaining documents

The company shall keep the accounting records and supporting documents that demonstrate its business activities, contracts and financial statements, at the company's headquarters or elsewhere as decided by the company's Manager or Board of Directors.

The Company shall keep all minutes, documents, reports, and other documents required to be kept under these regulations at the Company's head office or in any other place determined by the Company Manager or its Board of Directors for a period of not less than ten years, and this includes the reports of the Board of Directors and the Reports of the Audit Committee. Without prejudice to this period, the Company must, in the event of a lawsuit (including any existing or threatened lawsuit) or a claim or existing investigation procedures related to those minutes, documents, reports, or documents, keep them until the end of the ongoing lawsuit, claim or investigation.

Part 12: Application & Activation

Article (80): Start of implementation, continuity of implementation, and effectiveness of implementation

First: Start of implementation, continuity of implementation, and effectiveness of implementation

What is stated in this regulation is effective from its date, and it is reviewed by the Audit Committee unless in the meantime there are changes in the regulations or in the Company's policy that require modifications in the Company's policy which require reviewing and amending these regulations. The Company's internal audit department must notify the Audit Committee of any changes that may occur in the Company's policy or any other regulatory changes that require a review of the contents of these regulations.

Article (81): Activating the application, Commitment, and Follow-up

a) After approving the main guiding principles contained in this regulation, it must be communicated to the higher management levels of the Company. In addition, the application of the principles, procedures, and recommendations included in this regulation must be monitored and all cases of non-compliance should be followed-up.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- b) The Internal Audit Department shall submit an annual report to the Audit Committee on all issues related to the application of these principles and any cases of non-compliance.
- c) The Internal Audit Department may seek the assistance of experts from outside the Company to assist in evaluating the level of compliance and implementation.

Part 13: Procedures of Amendment

- a) The "Request to Amend the Internal Regulations" form shall be filled out according to the attached form - Appendix No. (1) - by the Committee or the Director of the Department requesting the amendment.
- b) The form shall be sent to the Director of CG & IR for review and comments in coordination with the legal officer in the Company, if any.
- c) The form is then sent to the Members of the Audit Committee to study it and make a recommendation to save it or present it to the Board of Directors.
- d) When the Board approves the Committee's recommendations, the Director of CG & IR shall take the necessary measures to update the required regulations.
- c) The Regulations shall be published after amendment and circulated to the relevant parties.

XIV: Update & Amendment

- 1- These Rules & Regulations of the Company are amended and updated by the Board of Directors of the Company, and automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, the internal rules.
- 2- The Governance Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 3- In the event that the Board of Directors approves an amendment/s to the Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 4- In case of absence or any text contained in this guide violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in this guide.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Part 7: Conflict of Interest Policy

May, 2023

Annex (5)

I: Purpose

Fitaihi Holding Group to seek to resolve any dispute or problem that could raise with related parties amicably, in proportion with the applicable regulations and laws, and according to the Company's interest as possible. In addition to compensate Stakeholders in case these disputes have been referred to jurisdictions, they shall be settled at the discretion of judiciaries or competent authorities.

II: Scope of the Policy

This Policy shall apply to the following related parties:

1. Board Members of the Company or any of its affiliates and their relatives.
2. Senior Executives of the Company or any of its affiliates and their relatives.
3. Major Shareholders of the Company.
4. Board Members and Senior Executives of Major Shareholders of the Company.
5. Entities, other than companies, owned by a Board Member or any Senior Executive or their relatives.
6. Companies in which a Board Member or a Senior Executive or any of their relatives is a partner.
7. Companies in which a Board Member or a Senior Executive or any of their relatives is a Member of its Board of Directors or is one of its Senior Executives.
8. Joint-stock companies in which a Member of the Board or a Senior Executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (4) of this definition.
9. Companies in which a Board Member or a Senior Executive or any of their relatives has influence on their decisions even if only by giving advice or guidance.
10. Any person whose advice or guidance influence the decisions of the Company, the Board and the Senior Executives.
11. Holding companies or affiliates.

Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of paragraphs (9) and (10) of this definition.

III: Receiving & Handling Complaints:

The complaints shall be received and settled by the following means and methods:



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

1) Related to the Board, Executive Management, and Employees:

Type of Violation	Competent Authority	Procedures
Work Violation Complaints	HR Department -Legal Counsel of the Company	Any violation shall be settled as per the Company's Regulations and Saudi Labor Law
Complaints related to violations of Corporate Governance Regulations	The Nomination and Remuneration Committee	Discussing and addressing the matter according to the Company's Regulations and Capital Market Law

2) Related to Shareholders:

A) Complaints related to the shareholders will be received via letters, fax, email, phone, and interviews with the Corporate Governance & Investor Relations Department or the Finance Department of the Company. Complaints include but not limited to, Corporate Governance & Investor Relations Department's handling, by not disbursing dividends, hindering any access of information requests (i.e. Critical information from the Executive Management perspective).

B) The complaint discussion, summary, examination and response shall be conducted by the competent department (whether Corporate Governance & Investor Relations Department, Finance Department or the Board), and responded to it while exerting due diligence and seeking the available means to address the complaint received with the aim of reaching an amicable settlement with the complainant within (5) working days.

3) Related to Suppliers:

A) Complaints related to suppliers will be received via letters, fax, email, phone, and interviews with Executive Management (Finance and Commercial Departments). These complaints include but not limited to the arrears or handling manner of the Finance and Commercial Departments.

B) The complaint discussion, summary, examination and response shall be conducted by the competent department (whether Finance Director or Trade Director) as soon as possible.

4) Related to Customers:

A) Complaints related to customers will be received via letters, fax, email, phone, and interviews with the Sales Directors or Marketing and Sales Department. These complaints include but not limited to the quality of sold goods or provided service or seller's manner of handling c.

B) The complaint discussion, summary, examination and response shall be conducted by the Marketing and Sales Department as soon as possible.



5) **Related to whistle-blowers, inside or outside the Company, disclosing internal illegal practices:**

Whistle-blowers, inside or outside the Company, can directly communicate with the Board by the Secretary of the Nomination and Remuneration Committee, if they have a complaint or evidence against internal illegal practices which would affect Company's reputation or business. The Secretary shall communicate all complaints and correspondences to the Chairman of the Committee for instructions. These complaints include but not limited to, exploitation of the Company assets, dishonesty or misconduct of an employee, or if a Board Member or Executive Management Member taking part in any activities for the interest of a competitor or practicing any activity similar to the Company's business without notice or Company's consent.

6) **Conflict of Interests related to the Board and its Committees:**

- 1) Avoiding situations of conflict of interests, notifying and seeking the approval of the Board and its Committees about their external business, in case this business may lead to conflict of interests, according to the laws and regulations issued by the Board. Monitoring and controlling the conflicts of interest of any key competencies of the Board.
- 2) Neither the manager of the Company nor the Member of the Board/Committee, may have any direct or indirect interest in the business and contracts that are made for the account of the Company, except with a license from the General Assembly of the shareholders or their authorized representatives.

The provision of the preceding paragraph does not apply to the following:

- A- Works and contracts carried out following a public competition.
 - b- Works and contracts, within the Company's usual activity, aimed at meeting personal needs, if done under the same conditions and terms that the Company follows with all clients and contractors.
 - C- Any other business or contracts specified by the regulations that does not conflict with the interest of the Company.
- 3) The Board Member/Committee shall, as soon as he becomes aware of any direct or indirect interest he may have in the business transactions and contracts made for the benefit of the company, notify the Board/Committee of the same. Such notification shall be recorded in the minutes of the Board/Committee meeting when it convenes. Such a Member may not take part in voting on the resolution to be issued in this regard by the Board/Committee and the General Assembly. In addition, the Board shall inform the General Assembly, when it convenes, of the business transactions and contracts in which the Board/Committee Member has a direct or indirect interest. **(Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls)**
- 4) Without undue delay, the CMA's Governance Department, the Public- on Tadawul Website- shall be informed about any contract or transaction or arrangement thereby the Company or the related party may invest in any project or asset, if such investment equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5) Neither the Company's manager nor its Board/Committee Member may have direct or indirect personal interest in the business activities and contracts executed on behalf of the Company, without obtaining the approval of the partners, General Assembly or shareholders or any person[s] authorized by them.
- 6) If a Member obtains the approval of General Assembly on the contracts and businesses that the Company will conduct with him/her -having direct or indirect interest-, the Company shall announce on the Tadawul website upon signing the contract if it equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.
- 7) The Board shall take into account the independence requirements, while considering conflicts of interest issues as: The financial and non-financial reports, internal audit procedures, and the nomination of members and Senior Executives.
- 8) If there is any conflict of interests (permanent or temporary) of any Board/Committee Member, the Member shall not vote on the conflict- related decision.
- 9) The Board shall notify the General Assembly, once convened, about the contracts and businesses in which a Member have direct or indirect interest, attached with a report issued by CPA (Certified Public Accountant).
- 10) The Company shall not offer any cash loans to the Board/Committee Members, or guarantee any loan offered by a Member to a third party.
- 11) The Chairman, Board/Committee Members, and their dependents (if they are presented upon purchase) shall obtain the same benefits of Discount Policy approved by the Company's administration to its employees and their dependents. This policy can be summarized as follows:
 - A- A Discount of 40% on the majority of products except for specific brands. Relatedly, many customers have the same discount.
 - B- Customers get the same discount rate in case of special offers.
 - C- The above discount shall not be combined with any other discounts or offers.
 - D- Higher discount rates during promotion periods as given to customers.

Conditions for Granting Authorization

The Ordinary General Assembly has the right to delegate the power of licensing to the Board of Directors of the Company (of practicing competing businesses or having a direct or indirect interest in business and contracts), provided that the delegation is under the following conditions:

- 1- The total amount of business or contract, or the sum of business and contracts during the fiscal year, is less than 1% of the Company's revenues according to the latest audited financial statements, provided that it is less than SAR 10 million.
- 2- The business or contract falls within the usual activity of the Company.
- 3- The work or the contract shall not include preferential terms for a Member of the Board of Directors, and they shall be in the same terms and conditions as the Company follows with all dealers and contractors.
- 4- The work or the contract should not be among the advisory works and contracts carried out by the Board/Committee Member, under a professional license, for the benefit of the Company.



7) The following points shall be disclosed in the Board Annual Report of the Board:

- a) A description of any transaction between the Company and any Related Party as well as a clarification for any preferential conditions, if any.
- b) Any information relating to any business or contracts to which the Company is a party and in which any Board Member, CEO, CFO or any related person who is or was interested (directly or indirectly). If there are no such businesses or contracts, the Company must submit an acknowledgment thereof.

8) Conflict of Interests related to the Executive Management, employees, and external auditors:

- 1) Avoiding situations of conflict of interests, notifying and seeking the approval of the Board about their external business, in case this business may lead to conflict of interests. According to the laws and regulations approved by the Board.
- 2) External Auditor shall be independent and have no conflicted interests according to the relevant laws and regulations. In case of a conflict of interests, it shall be disclosed and addressed according to the applicable laws and the Company's interests.
- 3) The employee shall not be a manager in another Company have conflicted interest with the Company. In this case, the employee shall notify his director of any conflict of interests in order to be addressed by the Nomination and Remuneration Committee.
- 4) No employee is allowed to be a Board Member in another competitor having conflict of interests with the Company. In this case, the employee shall notify his director of any conflicts of interest in order to be addressed by the Nomination and Remuneration Committee.
- 5) No employee is allowed to engage in another activity -if they are non- Saudis- or in a similar activity -if they are Saudis- as it may lead to a conflict of interests with the Company. The employee shall notify his director of any conflict of interests in order to be addressed by the Nomination and Remuneration Committee.
- 6) Employees of the Company and their dependents shall be granted the same benefits of discount policy approved from the Company's administration to its employees and their dependents. This policy can be summarized as follows:
 - A) A Discount of 40% on the majority of products except for specific brands. Relatedly, many customers have the same discount.
 - B) Customers get the same discount rate in case of special offers.
 - C) The above discount shall not be combined with any other discounts or offers.
 - D) Higher discount rates during promotion periods as given to customers.

9) Conflict of Interests related to Substantial Shareholders:

- 1) All transactions and contracts made with major shareholders and their relatives who own 5% or more of the Company's shares, directly or indirectly, or who own a controlling stake in any of its subsidiaries (which fall within its group) are subject to the same conditions of the transactions with others.



مجموعة فتحي القابضة
FITAIHI HOLDING GROUP

- 2) Substantial Shareholders shall avoid situations of conflict of interests and notify the Board of situations of any contract which the member, his relatives or any affiliated companies made with this Company, in order to seek the approval of the Board.
- 3) The Company shall announce on Tadawul website upon signing the contract if it equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.
- 4) Substantial Shareholders and their dependents will obtain the same benefits of discount policy approved from the Company's administration to its employees and their families. This policy can be summarized as follows:
 - A) A Discount of 40% on the majority of products except for specific brands. Relatedly, many customers have the same discount.
 - B) Customers get the same discount in case of special offers.
 - C) The above discount shall not be combined with any other discounts or offers.
 - D) Higher discount rates during promotion periods as given to customers.

10) Conflict of Interests related to other stakeholders:

All transactions and contracts with suppliers and other customers of the Company or any of its subsidiaries (which fall within its group) are subject to the same conditions of the transactions with third parties in terms of evaluation, fairness of implementation, disclosure, or notification.

11) Business compliments and acceptance of gifts:

- 1) The employees of the Company shall not request any business compliments (gifts, meals, cash, entertainment parties, etc.) from a entity or person who has entered or seeks to enter into transactions with the Company if such inducements may lead to a conflict of interests. As this could create a sense of obligation or embarrassment for the party receiving such inducements.
- 2) Any compliments presented from or to the external auditors shall not be accepted.
- 3) All employees shall not offer any compliments to any person or entity -who has entered or seeks to enter into transactions with the Company- in an unappropriated or unexplained manner as if it aims to affect their decision making.
- 4) No Member of the Board or of its Committees or Senior Executives may accept gifts from any person who has entered into commercial transactions with the Company if such acceptance of gifts may lead to a conflict of interests.

12) General Provisions:

- a) The related parties shall constantly disclose the situations that may lead to a conflict of interests or upon the occurrence of such conflicts.
- b) Ensuring that the Board and Committee Members, Substantial Shareholders, Senior Executives and other employees of the Company avoid situations that may lead to a conflict of interests, and addressing such situations in accordance with the provisions of the Companies Law and Its Implementing Regulations.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- c) When the Company contracts or enters into a transaction with a Related Party, this shall include notifying the Authority and the public without any delay about that contract or transaction if it equals to or exceeds 1% of the Company's total revenues according to the last audited annual financial statements.

IV: Violation of Conflict of Interests Policy

The Board may take any of the following actions whenever a violation of Conflict of Interests Policy is committed by a related party:

a) A violation by a Board or Committee Member:

If it is proved to the Board that a Member deliberately commits a violation to conflict of interests' policy and has been subject to investigation, it shall be discussed in the Board meeting -without the presence of the violating Member- and making the appropriate decisions whether by: Warning and instructing the Member in order not to repeat this violation and make the necessary remedy within a specified time-limit, in which his membership in the Board or Committee will be frozen. He/she may be claimed for compensation for the damages resulted from this conflict. The Company also has the right to claim before the competent judicial authority the invalidation of the contract, and oblige him/her to pay any profit or benefit achieved from that. He/she may be ordered to resign from the Board; the General Assembly may be advised to dismiss such Member, and/ or any other decisions according to the case. Then, the CMA's Governance Department can be informed about this intended violation to the conflict of interests' policy and about the decisions made by the Board. Consequently, the Authority's recommendations shall be applied.

b) A violation by the Executive Management and Employees:

If it is proved to the Nomination and Remuneration Committee that an Executive or employee deliberately commit a conflict-of-interest violation and that he has been subject to an investigation, the Committee shall make the appropriate decisions whether by: Warning and instructing the employee in order not to repeat this violation and make the necessary remedy within a specified time-limit, in which he shall be suspended from work. He/she may be claimed for compensation for the damages resulted from this conflict. The Company also has the right to claim before the competent judicial authority the invalidation of the contract, and oblige him/her to pay any profit or benefit achieved from that. He/ she may be ordered to submit his/ her resignation; the Committee may dismiss such employee, and/ or any other decisions according to the case. Then, the Committee shall notify the Board in its periodical report of this deliberated violation of conflicts of interest policy and the decisions made by the Committee.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

c) A violation by Substantial Shareholders:

If it is proved to the Board that a conflict-of-interest substantial shareholder deliberately commits a violation to conflict of interests' policy and has been subject to investigation, it shall be discussed in the Board meeting and making the appropriate decisions whether by: Warning and instructing the shareholder in order not to repeat this violation and make the necessary remedy within a specified time-limit. He/she may be claimed for compensation for the damages resulted from this conflict, and/ or any other decisions according to the case. Then, the CMA's Governance Department can be informed about this intended violation to the conflict of interests' policy and about the decisions made by the Board. Consequently, the Authority's recommendations shall be applied.

V: Avoiding Conflict of Interests:

A) A Board/Committee Member shall:

- 1- Perform his/her duties with honesty and integrity, and priorities the interests of the Company over his/her own interest, and not to use his/her position to achieve personal interests.
- 2- Avoid situations of conflict of interests and notify the Board of situations of conflict which may affect his/her neutrality when looking into matters presented before the Board. The Board shall not allow such Member to be involved in deliberations and shall not count his/her vote on such matters in the Board and Shareholders Assembly meetings.
- 3- Protect the confidentiality of the information related to the Company and its activities, and not to disclose any of such information to any person.

A) A Board/Committee Member is prohibited from:

- 1) Voting on a resolution taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest therein.
- 2) Misusing or abusing, directly or indirectly, any of the Company's assets, information or investment opportunities presented to the Company or to the Member in his/her capacity as a Board Member. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to the Board/Committee Member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his/her knowledge during his/her membership in the Board/Committee.

VI: Disclosure of Conflict of Interests by the Nominee

A person who desires to apply for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflict of interests, including:

- 1) Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.
- 2) Engaging in business that may compete with the Company or any of its activities.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

VII: Criteria of Competing the Company

[Annex No. \(14\)](#)

VIII: Concept of Competing Business

[Annex No. \(14\)](#)

IX: Rejection to Grant/Renew Authorization

If the General Assembly rejects to grant/renew the authorization pursuant to the Companies Law and the Corporate Governance Regulations, and their subsequent mandatory amendments and controls, the Member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from competing the Company or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

X: Some illustrative examples of conflict of interest cases that suit the nature of the Company

[Herein under there is a table containing some examples](#)

XII: Update & Amendment

- 1- These Rules & Regulations are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, and the internal rules.
- 2- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating text/s in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa

Some Illustrative Examples of Conflict of Interest Cases that Suit the Nature of the Company

Conflicts of interests arise in situations where the impartiality of those to whom the scope of this policy applies is affected when performing their work or dealing with other stakeholders, including without limitation:

- 1- The situation where a director, officer or employee, including a Board Member (or any relative of the aforementioned) is a party to a contract, or involved in a transaction with the Company for the supply of goods or services.
- 2- The situation where a director, officer, employee or volunteer, (or any relative of the aforementioned) has a material financial interest in a transaction between the Company and an entity in which the director, officer or employee (or any relative of the aforementioned) is a director, officer, agent, partner, associate, employee, or other legal representative.
- 3- A director, officer or employee, (or any relative of the aforementioned) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with Company.

In general, a conflict of interest or duality of interests exists in all the transactions between the Company and the interested people (as defined above) or between the Company and a person who has the power to influence its decisions or the resolution of the Board of Director of the Company or its operations or finance, including without limitation:

- 1- Where there is an existing or potential financial interest or other interests appearing or which may appear and having the potential to affect such person's impartiality and/or its ability to perform its obligations.
- 2- Where an opportunity to influence the Company's business, administrative, or other decisions to obtain any kind of personal gains.
- 3- When a relative of the related parties receives a personal benefit directly or indirectly deriving from a position of authority of the related party in the Company.
- 4- Where there is a direct or indirect interest that an interested person has in a business that competes with the Company.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Herein under are some examples of conflict of interest cases and how to deal with them:

Case of Conflict	The conflicted person	Handling method	Notes
Purchasing goods from the Company without special conditions	Board/Committee Member/ Executives / Substantial Shareholders	It does not require any special disclosure as long as the transaction is within the limits stipulated in the Conflict of Interest Regulations	
Purchase of goods from the Company on special conditions	Board/Committee / Executives	Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls	
Purchasing assets of the Company	Board/Committee	(Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls) In addition to the provisions of the Company's Articles of Association and the Companies Law.	
Competing with the Company by owning, partnering, managing, or	Board/Committee	(Subject to the Licensing Controls for Business and Contracts Made for the Company's Account in which a	1- A Member with an interest may not participate in voting on the resolution issued in this regard at the meeting of the



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

working at a branch/Company/a agency that trades in the same main activities in which the Company operates		<p>Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, and any subsequent mandatory amendment or controls)</p> <p>In addition to the provisions of the Company's Articles of Association and the Companies Law.</p>	<p>Board of Director or in the General Assembly.</p> <p>2- Without any delay, the Corporate Governance Department of the CMA and the public -in the market on the Tadawul website- shall be informed of any contract or transaction between the Company and a related party or any arrangement under which both the Company and a related party invest in any project or asset; if the size of the project or asset is equal to or more than 1% of the Company's total revenues according to the latest audited annual financial statements.</p>
Competing with the Company by owning, partnering, managing, or working at a branch/Company/a agency that trades in the same main activities in which the Company operates	Executives/ Employees	Obtaining the Board's approval on these dealings, if deemed to be substantial and conflicting with the interests of the Company, and work in the same main activities. According to the rules and regulations adopted by the Board.	



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Risk Management Committee Charter

May, 2023

Annex (8)

Introduction:

In accordance to the provisions and controls of Corporate Governance Regulation -issued by Capital Market Authority-, the Company's Board shall form "Risk Management Committee" to perform the main function for developing policies for risk management that are consistent with the position, magnitude and risks faced by the Company's activities.

Risk management Committee shall be directly communicate with the company's Board or Audit Committee, given that the Committee shall submit periodic reports according to the significance of the resulted information.

The company's Board is generally responsible of the risks in a manner that consistent with the nature, magnitude and market of the Company's activities. The company's Board is responsible of developing a strategy for determining and addressing the risks that could face the company, identifying an acceptable level of risks.

I: Formation of the Risk Management Committee (For Guidance)

- 1- The Company's Board shall, by resolution therefrom, form a Committee to be named the "Risk Management Committee." The chairman and the majority of its members shall be Non-Executive Directors. The Members of that Committee shall possess an adequate level of knowledge in risk management and finance.
- 2- The Committee shall consist of no less than 3 Members and no more than 5 Members. The resolution shall determine the Committee's duties, controls and working methodology, and remunerations and tenure of its Members.
- 3- The Board may exclude any of the Members of Risk Management Committee in case of any violations to the provisions contained in this charter, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign from his Membership in the Committee, provided that this is at an appropriate time acceptable to the Board, otherwise he shall be liable before the company.

II: Tenure and Selection of Risk Management Committee Members

- 1- The tenure of Membership of the Committee shall start with the beginning of the Board session and ends at the end of the Board session.
- 2- The Board shall select and re-nominate the Committee Members for other similar terms.
- 3- If a position of one of the Members of the Board becomes vacant, the Board may appoint - temporarily - a Member in the vacant position, provided that he/she has the experience and competency, the Capital Market Authority shall be informed within the mandatory time from the date of appointment.



III: Rules for Selection of Risk Management Committee Members

- 1- The Member is preferred to be aware of the risk management, financial and accounting rules and those who have academic qualification in this field are preferred.
- 2- It is advisable that the Committee Member may not have direct or indirect interest in business and contracts made for the account of the company.
- 3- Non-Board Members may be appointed whether they are shareholders or others.

IV: Functions of Risk Management Committee (For Guidance)

The competences of the risk management Committee shall include the following:

- 1- Developing a comprehensive strategy and policy of risk management that are consistent with the nature and magnitude of the Company's activities, monitoring its implementation, reviewing and updating it based on the Company's internal and external variables of the company.
- 2- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.
- 3- Ensuring the feasibility of the Company continuation, the successful sustainability of its activities and determining the risks that threaten its existence during the subsequent twelve (12) months.
- 4- Overseeing and evaluating the effectiveness of Company's risk management system and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy.
- 5- Regularly re-assessing the Company's ability to take risks and be exposed to such risks through endurance tests.
- 6- Preparing and referring to the Board, detailed reports on the exposure to risks and the recommended measures to address such risks.
- 7- Providing recommendations to the Board on matters related to risk management.
- 8- Ensuring the availability of adequate resources and systems for risk management.
- 9- Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board
- 10- Verifying the independence of the risk management employees from activities that may expose the Company to risk.
- 11- Ensuring that the risk management employees understand the risks threatening the Company and working on risks awareness-raising culture.
- 12- Reviewing any issues raised by the Audit Committee that may affect the Company's risk management.

V: Rules and Methodology of Risk Management Committee

- 1- The Board could choose Committee chairman from its Members. In addition, the Committee could choose Secretary from its Members or other Members to prepare its meetings minutes, and handle the Committee administrative work.
- 2- The Committee shall convene upon an invitation from its chairman. Meetings deliberations shall be documented in minutes which shall be signed by the chairman and the Secretary of Compliance department. The Member will consider resigning if he/she failed to attend three consecutive meetings without justifiable excuse.
- 3- The Committee meetings are valid if attended by the 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.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 4- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.
- 5- The Committee Member and the Board Member preserve Company's secrets. The Committee Member shall not disclose or announce any secrets he/she came across through doing his/her work to any shareholder of the Company or to a third party.

VI: Duties of Risk Management Committee Member

- 1- Regularity in attending the Committee sessions and active participation in its work. An unexpected absence of a Member from one of the Committee's sessions should be notified to the Committee's chairman in writing. A Member may not leave the session permanently before its conclusion without permission from the Committee's chairman.
- 2- Keeping the company's secrets, and it is not permissible for a Committee Member in Non-General Assembly to disclose to shareholders or others the company's secrets.
- 3- Preserve the necessary competency to conduct the works entrusted to him, and keep up with developments related to the company's work.
- 4- Being fair, objective, and independent, being abstract from personal interests, prevent others from affecting his decisions, and do not disclosing misinformation.
- 5- The Committee Member shall abstain from practicing any activity that could jeopardize the Company's interest or his ability to carry out his/her duties and responsibilities subjectively.
- 6- The Member shall disclose to the Board any operation occurs between him and the company and the nature of this relationship according to the required operations standard with Related Parties. In addition, the Member shall disclose his relationship with the company's Board and executive directors.

VII: Allowances and Compensation for Committee Meetings

- 1- The Committee Member shall receive a remuneration in accordance to the exerted time and effort. This remuneration could be an allowance for attending Committee meetings which is (1500 SAR) for attending each session, and not exceeding the attendance allowance prescribed for the Board Members as such, and a certain amount for each hour of the hours the Member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred by him for business related to carrying out his business duties.
- 2- The Board Report should clarify to the General Assembly the remunerations and other benefits paid to the Board Members.



VIII: Competencies of the Committee Chairman, Deputy and Secretary

A) The Board shall select a Committee chairman among its Members for the Committee Membership term and the Committee chairman shall supervise the achieved tasks of the Committee, in particular he/she shall carry out the following duties:

- 1- Calling the Committee to convene and determining the time, date and place of each Committee meeting and the agenda, in coordination with the Committee Members.
- 2- Chairing the Committee meetings.
- 3- Submitting the Committee achieved tasks and recommendations to the Board.
- 4- Preparing periodical reports about the Committee activities. Then, present it to the Committee in preparation for submitting it to the Board, after the Committee approval.
- 5- Representing the Committee before the Board and any other entity.

B) The Board or the Committee Members may choose a chairman deputy of them for the Committee Membership term. He/she shall assist the chairman in carrying out his/her duties and act on his/her behalf while being absent.

C) The Committee Secretary, who has been appointed by the Board or the Members of the Committee who determine his/her fees, shall attend minutes meeting without having the right to vote (as long as he/she is not a member of it). He/She shall inform the Members about the time and agenda of the meetings, and handle all the Committee administrative business. While choosing the Secretary, it is taken into account the educational and professional qualification that enables him to perform his duties. The Committee's Secretary shall be obliged to preserve the Company's secrets and abstained from practicing any activity that could jeopardize the Company's interest.

IX: Meetings of the Risk Management Committee (For Guidance)

- 1- The Committee shall adopt an initial meeting schedule before every year starts.
- 2- The Committee shall hold a periodical meeting at least every 6 months and when required and send the invitation to attend the meeting at least five days before its date, except in the case of urgent meetings. The meeting's agenda and documents shall be attached to the invitation, and for the quorum to be completed, the majority of the Members should attend.
- 3- In addition to the stated Item (2) mentioned-above, the Committee shall hold a meeting if requested by the Committee chairman, two of its Members, the chartered accountant, the internal auditor, or the Board.
- 4- The Committee decisions and recommendations 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, and it is not permissible to abstain from voting.
- 5- Any Member may have the right to express his/her reservation to any decision made by the Committee, provided that he/she shall clarify the main reasons of reservation. If any Member permitted to leave the



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

meeting before its conclusion, his reservation (if any) shall be limited to the decisions related to discussed items in his attendance, provided that missed items that he/she did not attend its discussion shall be documented in the minutes if he/she expressed his desire in writing in that.

X: Documentations of Risk Management Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- 1- During the meeting, the Committee Secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of the discussions.
- 2- For each meeting, the Committee Secretary shall write down a draft minute in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions reached by the Committee, and it shall be submitted to the Committee chairman for approval.
- 3- The draft shall be sent to all the Members and they shall be asked to send their notes within a week from the send date.
- 4- The draft minutes shall be edited in the light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- 5- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and sent to the Members, signed by the Committee Secretary and chairman.
- 6- If any significant notes would be mentioned by the Members, they shall be included in the next meeting agenda.
- 7- The signed version will be preserved in a special file accompanied by documents and correspondence related to the minute.

XI: Action Plan and Reports of Risk Management Committee:

- 1- The Committee shall submit to the Board detailed reports on the exposure to risks and the recommended measures to manage such risks.
- 2- The Committee shall submit to the Board the recommendations about matters related to risk management.
- 3- Regularly reassessing the Company's ability to take risks and be exposed to such risks through stress tests as an example.
- 4- developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors.
- 5- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.

XII: Powers of Risk Management Committee

To empower the Committee to fulfill its responsibilities, the Board has delegated the Board of the following powers:

1- Obtaining information they need from:

- Company employees (All company employees should cooperate with the Committee and provide it with any required information).
- Internal or external legal and professional advisors.
- Any external party.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 2- Invite specialized employees of the company to attend the Committee meetings, in order to discuss issues with them if necessary.
- 3- Ask assistance from specialized consultants and experts to help adjust presented studies and plans.
- 4- The Committee the right to audit its records and documents and request any clarification or statement from the executive management. Moreover, it has the right to invite the Board to an urgent meeting, in case of a grave danger threatens the company's works.

XIII: Update & Amendment

- 1- These Rules & Regulations are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, and the internal rules.
- 2- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating text/s in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Investment Committee Charter

May, 2023

Annex (9)

Introduction:

The income of long-term investments which the Company participates in, considers as the most important streams of income. Fitaihi Holding Group seeks to increase these investments from time to time -according to its performance- and focus on the good ones.

Investment Committee shall be directly connected with the Company's Board, given that the Committee shall submit its reports according to the importance of the resulted information.

The Company's Board is generally responsible of developing the Company's investment policy in accordance with investment controls and circulars issued by Financial Market Authority and the relevant authorities. Risk Management is responsible of determining the risks that could face the Company and dealing with it. In addition, it is responsible of determining and maintaining an acceptable level of risk.

I: Formation of Investment Committee

- 1- Investment Committee shall be formed by a resolution of the Company's Board, and chaired by a Board member, provided that the Members shall possess an adequate level of knowledge in investment and finance.
- 2- The Committee shall consist of no less than 3 Members and no more than 5 members. The resolution shall determine the Committee's duties, controls and working methodology, and remunerations of its Members and the term of membership.
- 3- The Board may dismiss any of the Members of investment Committee in case that any of them violates the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.

II: Tenure and Selection of Investment Committee Members

- 1- The tenure of the Committee shall start with the beginning of the Board session and ends with the end of the Company's Board session.
- 2- The Board shall select the Committee Members and the Board may re-select them to the Committee membership for other similar terms.
- 3- If a position of one of the Members of BOARD is vacant, the Board may appoint - temporarily - a Member of the vacant Board, provided that he has experience and sufficiency, the Financial Market Authority shall be informed within the statutory deadline from the date of appointment.



III: Rules for Selection of Members of Investment Committee

- 1- The Member preferred to be aware of financial and investment rules and those who have academic qualification in this field are preferred.
- 2- Non-Board Members may be appointed whether they are shareholders or others.

IV: Functions of Investment Committee

The competences of the investment Committee shall include the following:

- 1- Developing a strategy and comprehensive policies for investment that consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on internal and external changing factors of the Company and market.
- 2- Determining and maintaining an acceptable level of risk that may be faced by the Company, as a result of these investments, and ensuring that the Company does not go beyond such level.
- 3- Ensuring the feasibility of the Company continuation, the successful continuity of its investments and determining the risks that could be faced during the following twelve (12) months.
- 4- Overseeing the Company's investment system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company as a result of entering these investments, in order to determine areas of inadequacy therein.
- 5- Providing recommendations to the Board on matters related to investment.
- 6- Ensuring the availability of resources for investment.
- 7- Making sure that all the entities the Company dealing with -on securities in the kingdom- have the authorization of Financial Market Authority. The non-authorized people do not have the right to (earn any money or to practice any activity related to securities including providing products or services related to securities, as dealing with securities by buying and selling, security management, providing people related to securities business, providing consultancy on corporate finance business, any act related to entering into any transaction, providing consultancy on benefits or risks of securities, or practice any deal impacted of securities and so on. Any contracts or agreements that involve any practices of securities business and conducted with non-authorized person, are invalid.

V: Rules and Methodology of the Investment Committee

- 1- The Board shall elect the Committee chairman among its members. The Board may also elect Secretary among its Members or others who shall prepare its meeting minutes and carry out Committee administrative work.
- 2- The Committee shall convene upon an invitation from its chairman. Meetings deliberations shall be documented in minutes which shall be signed by the chairman and the Secretary of Compliance department. The Member will consider resigning if he/she failed to attend three consecutive meetings without justifiable excuse.
- 3- The quorum of Committee meeting shall be constituted by the presence of the majority of its Members and its decisions shall be adopted by majority vote of the Members present. In the event of a tie, the chairman will cast the deciding vote.
- 4- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.



- 5- The Committee Member shall comply with the Board Member obligations and maintain the Company's secrets. The Committee Members may not disclose any information acquired due to their work to shareholders or other, otherwise they are dismissed and claimed to pay compensation.

VI: Investment Controls

The Board of Directors sets the investment controls through a resolution issued by the Board.

VII: Procedures of Investment Process

The Board of Directors sets the procedures of investment process through a resolution issued by the Board.

VIII: Duties of Investment Committee Member

- 1- Regularity in attending the Committee sessions and active participation in its work. An unexpected absence of a Member from one of the Committee's sessions should be notified to the Committee's chairman in writing. A Member may not leave the session permanently before its conclusion without permission from the Committee's chairman.
- 2- Keeping the Company's secrets, and it is not permissible for a Committee Member in non-General Assembly to disclose to shareholders or others what the Company's secrets have been kept on because of his doing his duties, otherwise he should be changed, in addition to his accountability for compensation for the damage that may result from that.
- 3- Preserve the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's work.
- 4- Being fair, objective, and independent, being abstract from personal interests, prevent others from affecting his decisions, and do not disclosing misinformation.
- 5- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.
- 6- The Member shall disclose to the Board any operation occurs between him and the Company and the nature of this relationship according to the required operations standard with Related Parties. In addition, the Member shall disclose his relationship with the Company's Board and executive directors.



IX: Allowances and Compensations for Committee Meetings

- 1- The Committee Member shall receive a remuneration in accordance to the exerted time and effort. This remuneration could be an allowance for attending Committee meetings which is (1500 SAR) for attending each session, and not exceeding the attendance allowance prescribed for the Board Members as such, and a certain amount for each hour of the hours the Member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred by him for business related to carrying out his business duties.
- 2- The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the Committee members.

X: Competencies of the Committee Chairman, Deputy and Secretary

A) The Board shall select a Committee chairman among its Members for the Committee membership term and the Committee chairman shall supervise the achieved tasks of the Committee, in particular he/she shall carry out the following duties:

- 1- Calling the Committee to convene and determining the time, date and place of each Committee meeting and the agenda, in coordination with the Committee members.
- 2- Chairing the Committee meetings.
- 3- Submitting the Committee achieved tasks and recommendations to the Board.
- 4- Preparing periodical reports about the Committee activities. Then, present it to the Committee in preparation for submitting it to the Board, after the Committee approval.
- 5- Representing the Committee before the Board and any other entity.

B) The Committee Members may choose a chairman deputy of them for the Committee membership term. He/she shall assist the chairman in carrying out his/her duties and act on his/her behalf while being absent.

C) The Committee Secretary, who has been appointed by the Members who determined his fees, shall attend the Committee meetings without voting rights (if he is not a Committee Member). He shall inform the Members about the time and agenda of the meetings, and handle all the Committee administrative business. While choosing the Secretary, it is taken into account the educational and professional qualification that enables him to perform his duties. The Committee Secretary shall be obliged to preserve the Company's secrets.

XI: Investment Committee Meetings

- 1- The Committee shall adopt an initial meeting schedule before every year start, provided that during each meeting, the next meeting date could be decided.
- 2- The Committee shall hold a periodical meeting at least every 3 months and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its members
- 3- In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee of its Members or by two Members , chartered accountant, internal auditor, or Board of directors.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 4- The Committee decisions and recommendations shall be issued by a majority of the votes of its Members present and, in case of a tie, the chairman of the relevant Committee shall have the casting vote, and it is not permissible to refrain from voting or being deputed.
- 5- Any Member may express his reservation to any decision made by the Committee, provided that he shall indicate the main reasons for his reservation. If any Member leaves the Committee meeting before its conclusion, his reservation - if any - shall be limited to decisions related to the discussed items in his presence, provided that he shall state in the minutes the items that he did not attend its discussion if he expressed his desire in writing.

XII: Documentation of Investment Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- 1- During the meeting, the Committee Secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of the discussions.
- 2- For each meeting, the Committee Secretary shall write down a draft minute in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions reached by the Committee, and it shall be submitted to the Committee chairman for approval.
- 3- The draft shall be sent to all the Members and they shall be asked to send their notes within a week from the send date.
- 4- The draft minutes shall be edited in the light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- 5- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and sent to the members, signed by the Committee chairman and Secretary.
- 6- If any significant notes would be mentioned by the members, they shall be included in the next meeting agenda.
- 7- The signed version will be preserved in a special file accompanied by documents and correspondence related to the minute.

XIII: Action Plan and Reports of Investment Committee

- 1- The Committee shall submit the recommendations about investment matters to the Board.
- 2- Development of a comprehensive strategy and policy of investment that are consistent with the nature and volume of the Company's activities, monitoring its implementation, reviewing and updating it based on the Company's internal and external variables of the Company.

XII: Powers of Investment Committee

To empower the Committee to fulfill its responsibilities, the Board has delegated the Board of the following powers:

- 1- Obtain the needed information from professional consultants inside or outside the Company.
- 2- Invite specialized employees of the Company to attend the Committee meetings, in order to discuss issues with them if necessary.
- 3- Ask assistance from specialized consultants and experts to help adjust presented studies and plans.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

XIII: Update & Amendment

- 1- These Rules & Regulations are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, and the internal rules.
- 2- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating text/s in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Chapter 3: Governance Committee Charter

May, 2023

Annex (10)

I: Formation of Governance Committee

The Board shall develop a Governance Committee Charter which shall not conflict with the Corporate Governance Regulations issued by Capital Market Authority. In addition, the Board shall monitor, ensure the validity and amend such regulations, if necessary.

II: Tenure and Nomination of Governance Committee Members

In the event that governance Committee formed by the Board of directors, the following shall be considered:

- 1- The tenure of the Committee shall start with the beginning of the Board session and ends with the end of the Company's Board session.
- 2- The Committee shall consist of no less than 3 members and no more than 5 members.
- 3- The Board shall select the Committee members and the Board may re-select them to the Committee membership for other similar terms.
- 4- The membership of the Board member shall expire in the following cases:
 - B- in case of death or resignation.
 - C- in case of illness that makes the member of governance Committee unable to work.
 - D- In case of proven compromising of honor, morality or honesty.
 - E- In case of the withdrawal from the Company voluntarily
- 5- If a position of one of the members of the Committee is vacant, the Board may appoint -temporarily- a member of the vacant Board, provided that he has experience and sufficiency, the Financial Market Authority shall be informed within the statutory deadline from the date of appointment.

III: Rules for Selection of Governance Committee Members

- 1- The member must be aware of the regulations, circulars, and controls of Capital Market Authority and Companies Law,
- 2- Non-Board members may be appointed whether they are shareholders or others.
- 3- The governance Committee can seek external expertise.

IV: Functions of Governance Committee

If the Board of directors forms a corporate governance Committee, it shall assign to it the terms of references stipulated in the Corporate Governance Regulations. This Committee shall oversee any issue relevant to the application of governance rules and regulations and provide the Board of directors, at least annually, with the



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

reached reports and recommendations. The main functions of the governance Committee, management or Committee are as following:

- 1- Verify that the Company is in compliance with the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulations of the Company.
- 2- Review and update the rules pursuant to statutory requirements and best practices.
- 3- Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- 4- 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.
- 5- The Audit Committee currently pays attention to everything related to implementing Corporate Governance Regulations.

V: Rules and Methodology of Governance Committee

- 1- The Board shall elect the Committee chairman among its members. The Board may also elect secretary among its members or others who shall prepare its meeting minutes and carry out Committee administrative work.
- 2- The Committee shall convene upon an invitation from its chairman. Meetings deliberations shall be documented in minutes which shall be signed by the chairman and the secretary of Compliance department. The member will consider resigning if he/she failed to attend three consecutive meetings without justifiable excuse.
- 3- The quorum of Committee meeting shall be constituted by the presence of the majority of its members and its decisions shall be adopted by majority vote of the members present. In the event of a tie, the chairman will cast the deciding vote.
- 4- The members of governance Committee shall discuss these opportunities whether through their meetings or via other means of communications (email, phone, fax, etc.)
- 5- The Committee shall submit its recommendations in its periodic or annual report presented to the Board of directors.
- 6- After the Board adopted the recommendations of governance Committee, the Board shall assign and grant the executive chairman necessary powers to implement the Board's decision.

VI: Duties of Governance Committee Member

- 1- Regularity in attending the Committee sessions and active participation in its work. An unexpected absence of a member from one of the Committee's sessions should be notified to the Committee's chairman in writing. A member may not leave the session permanently before its conclusion without permission from the Committee's chairman.
- 2- Keeping the Company's secrets, and it is not permissible for a Committee member in non-General Assembly to disclose to shareholders or others what the Company's secrets have been kept on because of his doing his duties.
- 3- Preserve the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's work.
- 4- Being fair, objective, and independent, being abstract from personal interests, prevent others from affecting his decisions, and do not disclosing misinformation.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.

VII: Allowances and Compensations for Committee Meetings

- 1- The Committee member shall receive a remuneration in accordance to the exerted time and effort. This remuneration could be an allowance for attending Committee meetings which is (1500 SAR) for attending each session, and not exceeding the attendance allowance prescribed for the Board members as such, and a certain amount for each hour of the hours the member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred by him for business related to carrying out his business duties.
- 2- The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the Committee members.

VIII: Competencies of the Committee Chairman, Deputy and Secretary

- a) The Board shall select a Committee chairman among its members for the Committee membership term and the Committee chairman shall supervise the achieved tasks of the Committee, in particular he/she shall carry out the following duties:
 - 1- Calling the Committee to convene and determining the time, date and place of each Committee meeting and the agenda, in coordination with the Committee members.
 - 2- Chairing the Committee meetings.
 - 3- Submitting the Committee's outcomes and recommendations to the Board in periodic or annual report or immediately in case of urgent matters.
 - 4- Representing the Committee before the Board and any other entity.
- b) The Committee members may choose a chairman deputy of them for the Committee membership term. He/she shall assist the chairman in carrying out his/her duties and act on his/her behalf while being absent.
- c) The Committee secretary, who has been appointed by the members who determined his fees, shall attend the Committee's meetings without having the right to vote (as long as he is not a member of the Committee). He shall prepare the meeting minutes, inform members of the meeting dates and the agenda, and perform all the administrative work of the Committee. While choosing the secretary, it is taken into account the educational and professional qualification that enables him to perform his duties. The Committee secretary shall be obliged to preserve the Company's secrets and abstained from practicing any activity that could jeopardize the Company's interest.

IX: Governance Committee Meetings

- 1- In the event that a governance Committee is formed, the Committee shall hold (2) meetings annually.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 2- The Committee shall adopt an initial schedule of its meetings before the beginning of each session.
- 3- In the event that the tasks of supervising the application of the rules of governance are assigned to another Committee or department, such Committee or department shall discuss and oversee the duties of governance Committee at least twice annually.
- 4- The agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its members (half+ one).
- 5- In addition to what stated in the clause (2) above, the Committee shall hold an urgent meeting if requested by the Committee chairman, two members from its members or Board of directors.
- 6- The Committee resolutions and recommendations 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, and it is not permissible to abstain from voting.
- 7- Any member may express his reservation to any decision made by the Committee, provided that he shall indicate the main reasons for his reservation. If any member leaves the Committee meeting before its conclusion, his reservation - if any - shall be limited to decisions related to the discussed items in his presence, provided that he shall state in the minutes the items that he did not attend its discussion if he expressed his desire in writing.
- 8- The meeting will be convened during the period of discussing issues submitted to the department.
- 9- The period of meeting could be extended to two days, if required by the decision of chairman of Governance Committee.

X: Documentation of Governance Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- 1- The Committee secretary, during the meeting shall record the most important discussions and upon completion of the discussion of any topic, summarize the recommendations or decisions agreed.
- 2- The Committee secretary shall write down a draft minutes for each meeting of the Committee in which the date and place of meeting, names of present and absent members, discussions summary and texts of recommendations and decisions reached by the Committee, shall be recorded and it shall be submitted to the Committee chairman for approval.
- 3- The minutes draft shall be sent to all members and they are required to send their notes within (2) working days from the date of their notices.
- 4- The draft minutes shall be edited in the light of the notes that members have mentioned and shall be submitted to the chairman with notes attached.
- 5- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and sent to the members, signed by the Committee secretary and chairman.
- 6- If any significant notes would be mentioned by the members, they shall be included in the next meeting agenda.
- 7- The signed version will be preserved in a special file accompanied by documents and correspondence related to the minute.

XI: Rights and Competencies of Governance Committee

To empower the Committee to fulfill its responsibilities, the Board has delegated the Board of the following powers:

- 1- Obtain the needed information from professional consultants in or out the Company.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 2- Invite specialized employees of the Company to attend the Committee meetings, in order to discuss issues with them if necessary.
- 3- Ask for assistance of specialized consultants and expertise.
- 4- The Committee members have equal voting rights unless the votes are equal, the chairman shall have the casting vote.
- 5- The executive Committee shall be entitled to contract with independent external entities to enrich discussion of raised topics and get neutral professional opinion.

XII: Update & Amendment

- 3- These Rules & Regulations are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, and the internal rules.
- 4- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating text/s in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



List of Policies Regulating the Relationships with Stakeholders

May, 2023

Annex (13)

I: Definition, purpose, objectives and scope of policies regulating the relationship with stakeholders

1- Defining Stakeholders

Any party or person who has an interest in the Company, including shareholders, employees, customers, suppliers and the community.

2- Purpose

The purpose of the list of "Policies Regulating the Relationship with Stakeholders" is to clarify the supervisory procedures and regulations for the protection of stakeholders and preserving their rights, including:

- 1) How to compensate stakeholders for breaching their rights determined by regulations or protected by contracts.
- 2) How to settle complaints or disputes that may arise between the Company and the stakeholders.
- 3) How to build good relationships with customers and suppliers and preserve the confidentiality of their information.
- 4) The rules of professional conduct for managers and Company employees to comply with correct professional and ethical standards and regulate the relationship between them and stakeholders, provided that the BOARD establishes mechanisms for monitoring these rules and adhering to them.
- 5) Social Contribution of the Company.
- 6) Confirming that the Company's dealings with members of the BOARD and related parties shall be in accordance with the terms and conditions followed with the stakeholders without any discrimination or preference, and this is what the Company always confirms.
- 7) Stakeholders obtain information related to their activities in a manner that enables them to perform their duties, provided that such information is correct, sufficient, timely and regular.
- 8) Dealing with Company employees in accordance with the principles of fairness, equality and non-discrimination.

3- Objectives:

The regulation shall aim to achieve the following:

- a) Statement of supervisory procedures and regulations for the relationship with stakeholders.
- b) Ensuring continuity in applying standards and commitment to them.
- c) Preserving the rights of shareholders and stakeholders.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- d) Working on a clear basis and in accordance with the principle of complete transparency, which guarantees the Company's respect for laws and regulations and its commitment to disclose essential information to shareholders and stakeholders.

4- Scope of Regulation

This regulation shall determine the main guidelines, standards and basic principles for implementing the policy of regulating the relationship with the stakeholders in the Company, protecting them and preserving their rights. The provisions of the regulations shall be applied in a manner that does not contradict the Articles of Association of the Company and the relevant regulations governing the Company's business.

II: Relationship with Stakeholders

The Company seeks to resolve all disputes and problems that may arise with the relevant parties in its dealings in amicable ways that does not conflict with its laws and regulations and its interest ASAP, provided that the stakeholders are compensated according to the judgments and decisions issued by the judicial authorities after consuming all statutory and legal procedures regarding those judgments and decisions. And according to the Audit Committee's proposal, the BOARD set the necessary policies and procedures for stakeholders to be followed in submitting their complaints or reporting violating practices, taking into account the following:

- 1) Facilitating the notification of stakeholders (including employees in the Company) to the BOARD of the actions or practices of the Executive Management that violate the applicable laws, regulations and rules or that raise suspicion in the financial statements or internal control systems or others, whether these actions or practices are against them or not, and conduct the necessary investigation about it.
- 2) Maintaining the confidentiality of reporting procedures by facilitating direct communication with an independent member of the Audit Committee or other specialized Committees.
- 3) Assigning a competent person to receive complaints or notifications of stakeholders and deal with them.
- 4) Designating a phone or email to receive complaints.
- 5) Providing the necessary protection for stakeholders.

1) Relationship with Shareholders

Communication Method:

- a) Contacting the Secretary of the BOARD at the Department of CG & Investor Relations to receive complaints, suggestions and observations (012-2604200).
- b) Letters by mail or fax to the Secretary of the BOARD (012-6514860).
- c) Electronic messages via the Company's email (sh@fitaihi.com.sa).
- d) The shareholder submits a complaint during his/her visit the Company's headquarters and meets with the secretary of the BOARD.
- e) Communicating with the Department of CG & Investor Relations Department or the Secretary of the BOARD to obtain the phone number or e-mail of the Chairman of the Audit Committee.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Settlement, Handling and Consideration of Shareholder Complaints:

- a) The Secretary of the BOARD shall receive shareholders' complaints, if any, register them and seek to handle them in coordination with the various departments of the Company, and follow them up until they are answered or resolved ASAP and not exceeding (5) working days.
- b) The Secretary of the Board/Committees shall refer the shareholder's complaint to the Chairman of the Audit Committee if the content of the complaint relates to their remarks regarding any abuse in financial reports or others in secrecy. The Committee shall verify the application of this mechanism by conducting an independent investigation suitable to the extent of the error or overreach and adopting appropriate follow-up procedures.
- c) Circulars and decisions shall be issued continuously in case of any remarks being made to remedy their future occurrence.
- d) D) Maintain the confidentiality of the information of the informer from among the stakeholders to provide the necessary protection.
- e) E) If the shareholder has a right with the Company (such as unspent profits), the Company shall correct the mistake and work to restitution or help him to reach his right, or reach a settlement with him by peaceful means.
- f) The shareholder shall be entitled to submit his complaint to the competent statutory authorities, In case that he could not obtain his right with the Company and after the failure of peaceful efforts to resolve it.

Procedures made by the Board to inform its Members - particularly the non-executives – about the shareholders and stakeholders' proposals and comments

- 1) - In 2017, the Company launched on its official website (www.fitaihi.com.sa) a special page for shareholders (Investor Relations) through which they can learn how to send an email (**directed to Board Members**), containing their proposals and feedback about the Company and its performance.
- 2)- There is another page on the Company's official website entitled (Contact Us) with the email (sh@fitaihi.com.sa) which the stakeholders can use to inform the Company's Board Members of their desires through the Secretary of the Board.
- 3)- The NRC shall inform the CEO and Board Members- particularly the non-executives - about the shareholders' proposals received regarding the Company and its performance.
- 4)- The Corporate Governance and Investor Relations Department shall inform the CEO and NRC members of the shareholders' proposals regarding the Company and its performance.
- 5)- Stakeholders can also contact the secretary of the Board at phone No. (012 - 2604200), in order to inform him about the proposals or feedback that they wish to convey to the Company's Board Members, or communicate with him via his email (sh@fitaihi.com.sa).
- 6)- Head of Audit Committee can be reached at the following email: Audit.Head@fitaihi.com.sa. In addition, direct and private communication can be made via email with the rest of the Audit Committee Members (all of them are independent) through the Company's official website.
- 7)- Board Members, committees and the secretary of the Board shall seek to maintain the confidentiality of any communication with stakeholders, and to provide them with the necessary protection.
- 8)- Respond to or resolve the shareholders' complaints as soon as possible and within a period not exceeding 5 working days.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

2) Relationship with Employees

- 1) The Company shall set the rules of professional conduct.
- 2) The relationship between the Company and the employees shall depend on respecting the two parties' commitment to the terms of the concluded work contract, good morals, honesty and loyalty, as well as the statutory regulations issued by the Ministry of Labor and Workers.
- 3) The Company may set out developing programs and incentive the participation and performance of employees, by forming Committees and workshops to review, discuss the views of the employees on the issues and affairs requiring critical resolutions.
- 4) The Company may develop programs for granting employees, shares or dividends, and pension programs, as well as establishing an independent fund supporting these programs.
- 5) Social associations may be established for the Company's employees.
- 6) Dealing with Company employees in accordance with the principles of fairness, equality and non-discrimination.

The Approach of Communication and Complaints followed by Employees:

- a) Letters or e-mails to the Line Manager.
- b) Letters or e-mail to the HR Director.
- c) Call on the number of the Line Manager or HR Director.
- d) A direct visit to the Line Manager or the HR Department.

Handling Complaints submitted by Employees:

- a) The complaints related to the employment contracts and service conditions shall be considered by the HR Department; it may be referred to the Legal Affairs Director if any. Consequently, the proposed settlement shall be reported.
- b) The Company's management shall consider the complaint and the proposed solution and responds to it within a maximum of two working weeks from the date of submitting the complaint.
- c) A Committee may be formed to deal with matters related to workers, especially with regard to salaries and compensation, to submit its recommendations to the competent department.
- d) Employees' rights shall be guaranteed and compensated according to the laws and regulations governing the relationship in KSA.
- e) The Secretary of the Audit Committees shall refer the employee's complaint to the Chairman of the Audit Committee if the content of the complaint relates to their remarks regarding any abuse in financial reports or others in secrecy. The Committee shall verify the application of this mechanism by conducting an independent investigation suitable to the extent of the error or overreach and adopting appropriate follow-up procedures.

3) Relationship with Customers and Suppliers

- a) The information confidentiality regarding suppliers and customers shall be kept confidential.
- b) All contracts concluded with creditors and suppliers shall include the requirements of the regulations in force in KSA and issued by the relevant competent authorities.
- c) The Company shall be obliged "in accordance with the contracts signed with the concerned parties" with all contractual conditions, including the payment of others' dues on time.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- d) The Company shall claim its rights on a regular basis through the claims of the competent departments and according to a specific timetable, taking into account the credit policies in force in the Company and associated with agreements with suppliers.
- e) The department concerned with the complaint shall register the complaint and seek to resolve it ASAP, and according to the rules and regulations.
- f) The complaint shall be handled within the contractual framework in a way that preserves the rights of the Company and the rights of the stakeholder.

Customer and supplier complaints shall be received via:

- a) Mails, fax, or phone No. (+966-12-6517505).
- b) Messages via the Company's email (marketing@fitaihi.com.sa).
- c) The customer or a representative of the supplier attendance to the Company's headquarters and meeting with the commercial director, financial director or the marketing director, according to the type of complaint.

4) Community

- a) The whole community shall be considered an interested party, so it shall be informed of all events and influences through the available means according to the Disclosure Policies approved by the Capital Market Authority regulations.
- b) When the Company makes any social contributions, it shall not conflict with its policies.

III: Disclosure

For protecting and preserving the rights of the stakeholders, the Company shall disclose any material events affecting its business with full transparent, in accordance with the disclosure regulations issued by the Capital Market Authority.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

IV: Update & Amendment

- 1- These Rules & Regulations are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company, and the internal rules.
- 2- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating text/s in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Part 7: Conflict of Interest Regulation

Regulation of the Criteria and Controls of Competition

May, 2023

Annex No. (14)

Preamble:

- 1- This Regulation was prepared within the framework of the requirements of the relevant articles of the Corporate Governance Regulations for listed joint-stock companies issued by the CMA and its amendments, as well as the Companies Law issued in 2022 and its amendments, and the requirements of the Governance Regulations. The Board of Directors recommends the General Assembly approve these criteria and publish them on the Company's website while checking the competing works annually.
- 2- Members of the Board and Committees, senior executives, and all employees must avoid conflict of interest and competition with the Company as much as possible. They must abide by the applicable laws and regulations and the Company's policies when dealing with cases of conflict of interest and competition.
- 3- The Members of the Board and Committees, whether in their capacity or as representatives of others, shall not have any interests that conflict with their duties or the requirements of impartiality and independence or that they or the parties they represent have any interests that conflict with the requirements of impartiality and independence, or maintain the confidentiality of the information they relate to by their membership in the Company's Board of Directors.

I: Criteria of Competing the Company

If the Company's Manager of a Member of the Board/Committee desires to engage in a business that may compete with the Company or any of its activities, as stipulated in the Companies Law; the following shall be taken into account:

- 1) The competition should not be prohibited by laws, regulations, or any legal or regulatory rules, as well as the participation of a member of the Board of Directors in the membership of a Company with a competing activity or activities.
- 2) The competition should not be substantial, negatively affecting the Group's activities, or making it impossible/difficult to manage the process of conflict of interests arising from it.
- 3) Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
- 4) The conflicted member shall abstain from voting on the related decision in the Board/Committee meetings and General Assemblies.
- 5) The Board shall inform the General Assembly, once convened, of the competing businesses that the Member is engaged in.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 6) Obtaining an authorization of the Ordinary General Assembly of the Company or from the BOD, pursuant to authorization from the Ordinary General Assembly, a Member is allowed to practice competing businesses.

II: Concept of Competing Business

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

- 1) The Board/Committee Members' establishing a Company or a sole proprietorship or the ownership of 5% of the shares or stakes in a Company or any other entity engages in business activities that are similar to the activities of the Company or its group.
- 2) Accepting membership in the Board of a Company, an entity that competing with the Company or its group, or managing the affairs of a competing sole proprietorship or any competing Company of any form, except for assuming a membership or management of subsidiaries.
- 3) The Board/Committee Member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its Group.
- 4) If a natural person, representing a legal person, accepts the membership of a board of directors, a committee, or an executive position in a competing entity.
- 5) If the Board/Committee Member provides technical, administrative, or advisory work to any competing entity.
- 6) If the Board/Committee Member uses his knowledge and information to benefit a competing entity.

III: Competition Controls

- 1) The Company's Manager, or a Member of the Board//Committee may not participate in any business that would compete with the Company, or compete with the Company in one of the branches of the activity it is engaged in, otherwise the Company may demand appropriate compensation from him/her before the competent judicial authority unless he/she obtains a license from the General Assembly to do so, and in accordance with the controls set by the competent authority.
- 2) If the Company's Manager, or a Member of the Board/Committee wishes to participate in an activity that is considered to be competing with the Company, or with one of the branches of the activities that are practiced, the following must be taken into account:

- A- Inform the Board of Directors about the competing businesses he/she wishes to practice, and record this notification in the meeting minutes of the Board of Directors.
- B- The interested Member shall not participate in voting on the decision issued in this regard by the Board of Directors, Committees and shareholders' assemblies.
- C- The Board of Directors shall inform the General Assembly when it convenes about the competing business that the Member of the Board/Committee is engaged in after the Board/Committee verifies that the Member of the Board/Committee is competing with the Company's business or competing with it in one of the branches of the activities that are practiced in accordance with criteria issued by the General Assembly of the Company, proposed by the Board and published on the Company's website, provided that these competing works are verified annually.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- D- Obtain a license from the Ordinary General Assembly of the Company that allows the Member to practice competing businesses.
- E- A Board/Committee Member must exercise his/her duties with honesty and integrity, put the interests of the Company ahead of his/her personal interest, and not use his/her position to achieve his/her personal interests.
- F- The Board/Committee Member shall protect the confidentiality of information related to the Company and its activities and shall not disclose it to anyone.
- G- The Member of the Board/Committee shall be accountable for calculating the transactions in which he/she has a direct or indirect interest during the fiscal year.
- H- The resolution of the General Assembly determines the number of competing businesses and activities that the Board may license during the authorization period.
- I- The period of authorization shall be a maximum of one year from the date of the approval of the General Assembly to delegate its powers contained in paragraphs (1) and (2) of Article (27) of the Companies Law to the Company's Board of Directors or until the end of the term of the authorized Company's Board of Directors, whichever is earlier.

IV: Rejection to Grant/Renew Authorization

- 1- If the General Assembly rejects to grant/renew the authorization pursuant to the Companies Law, the Corporate Governance Regulations, and their subsequent mandatory amendments and controls, the Member of the Board/Committee shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board/Committee shall be deemed terminated, unless he/she decides to withdraw from competing the Company or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.
- 2- If the BOD rejects to grant/renew the authorization pursuant to the Companies Law, the Corporate Governance Regulations, and their subsequent mandatory amendments and controls, the Member of the Board/Committee shall resign within a period specified by the BOD; otherwise, his/her membership in the Board/Committee shall be deemed terminated, unless he/she decides to withdraw from competing the Company or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the BOD.
- 3- The Members of the Board and Committees shall not participate in any business that would compete with the Company or compete with it in one of the branches of the activity, it is engaged in, without obtaining a license from the General Assembly of the Company. This is strictly prohibited for independent members.
- 4- The Members of the Board of Directors and Committees must inform the Board of Directors immediately about all details of their direct or indirect participation in any business that would compete with the Company, or about their competition with the Company directly or indirectly in one of the branches of the activity, it is engaged in, in accordance with the provisions of the Companies Law and the Capital Market Law and their executive regulations.
- 5- Whoever wishes to nominate himself for the membership of the Board of Directors shall disclose to the Board and the General Assembly his/her participation in a business that would compete with the Company, or with it in one of the branches of the activity it is engaged in.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

V: Special Provisions

- 1- This regulation shall be published on the Company's website to enable stakeholders to review its contents.
- 2- The Board of Directors has the power to impose penalties on the violators of these regulations and file cases to claim compensation for damages resulting from non-compliance.
- 3- The geographical boundaries of the Kingdom and the borders of countries for the Company's subsidiaries are the scope of application of these regulations regarding the competing business practiced by a Member of the Board of Directors.
- 4- All that is not provided for in this regulation, the regulations, decisions, and rules issued by the competent authorities shall apply.
- 5- Taking into consideration **the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, the Companies Law, and any subsequent mandatory amendment or controls.**
- 6- Taking into consideration the amendment of the Corporate Governance Regulations regarding the Rules for Competing the Company or engaging in a competing activity and any subsequent mandatory amendment or controls.

VI: Update & Amendment

- 1- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Audit Committee Charter

May, 2023

Annex (6)

Main Objective and Role:

The main objective of the Audit Committee is to ensure that an audit oversight mechanism is in place to support the accuracy and fairness of Fitaihi reports, financial statements and data; ensure integrity and effectiveness of the Company's internal control and risk management systems; ensure the Company's compliance with regulations.

The purpose of the Audit Committee Charter is to set out the composition, responsibilities and duties of the Committee and identify the Committee's interaction with the Shareholders, Board of Directors and management in line with the Company's Articles of Association.

The Committee is formed by a resolution of the Board of Directors, and assists the Board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Main Structure of Governance.
- Internal Control Framework.
- Oversight of the internal audit activity, external auditors, and other providers of assurances.

Generally, the Audit Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

To perform his/her role effectively, each Committee Member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations, and risks. Although the Committee has the power and responsibilities set forth in this Charter, the role of the Committee is oversight. The Members of the Committee are not full-time employees of the Company and all Members may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate or are in accordance with all applicable rules and regulations. These are the responsibilities of executive management and the external auditors. Consistent with these functions, the Committee will encourage the continuous improvement of and foster adherence to the Company's policies, procedures and practices at all levels. In performing its duties, the Committee will maintain effective work relationships with the Board, management, and the internal and external auditors.



I: Formation of the Audit Committee

- 1) An Audit Committee shall be formed by a resolution of the Company's Board of Directors, for the same term of the Board (even if the Board's term is extended), and the Members of the Audit Committee shall be from the shareholders or others, provided that at least one of its Members is an Independent Director and that no Executive Director is among its members, provided that one of its Members is specialized in finance and accounting. The number of its Members shall not be less than 3 and not more than 5.
- 2) The chairman of the Audit Committee shall be an Independent Member. (For guidance)
- 3) The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation 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.
- 4) Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a Member of the Audit Committee.
- 5) The Board may exclude any of the Members of the Audit Committee in case that any of violation to the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.
- 6) Half of the Audit Committee Members must be independent or do not have any issues affecting their independence. (For guidance)
- 7) The Member of the Audit Committee shall not be a member of audit committees in more than five listed joint-stock Companies in the market at the same time.

II: Tenure and Nomination of the Audit Committee

- 1) The tenure of the Committee shall start with the beginning of the Board session and ends at the end of the Company's Board session.
- 2) The Board of Directors selects the Members of the Audit Committee and may re-appoint them.
- 3) The membership tenure of the Audit Committee shall expire in case of death or sickness invalidity (God forbid).
- 4) The membership of the Audit Committee may be renewed for more than one session of the Board.
- 5) The Board can remove a Member of the Committee in case that he/she submits a request to be excluded from membership of the Committee, or the Member misuses his position in the Committee, or if a Committee Member is absent for (3) consecutive meetings or (5) separate meetings without an accepted excuse for the chairman of the Audit Committee, or if the Member fails to meet any of the conditions that shall be met for membership of the Committee.
- 6) Upon the expiration of member's tenure due to death, resignation, disability or dismissal, the Board shall replace him/her temporarily to fill the vacant seat on the Committee, the Capital Market Authority shall be informed within the statutory period from the date of appointment. The new Member shall complete the tenure of his/her predecessor unless appointed for a shorter term.



III: Rules for Selection of Audit Committee Members

- 1) The Member shall be aware of the financial and accounting rules and those who have academic qualification in this field are preferred.
- 2) It is preferred that the Committee Member may not have direct or indirect interest in business and contracts made for the account of the Company.
- 3) Any person who works or has worked in the Company's Finance Department, Executive Management or for the Company's External Auditor during the preceding two years may not be a Member of the Audit Committee.
- 4) The Company will not provide a cash loan of any kind to the Members of the Audit Committee, or guarantee any loan contracted by one or more of them with third parties, and any contract concluded in violation of the provisions of these regulations shall be considered void.
- 5) The Chairman of Board of Directors cannot be a Committee Member.
- 6) Non-Board Members may be appointed whether they are shareholders or others.
- 7) The Executive Board Member may not be a Member in the Audit Committee.
- 8) The Members of the Committee shall elect a chairperson among themselves if not selected by the Board of Directors.

IV: Competencies, powers and responsibilities of the Audit Committee

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee shall particularly include the following:

A. Financial Reports:

- 1) Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- 2) Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- 3) Analyzing any important or non-familiar issues contained in the financial reports;
- 4) Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- 5) Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- 6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon
- 7) Paying attention to the extraordinary actions such as accounting reclassification and unusual titles (irregular).
- 8) Reporting its proposals and recommendations to the Board for resolution.
- 9) Ensuring that the Board is aware of all matters that affect substantially the financial matters and administrative affairs.
- 10) Examining the accounting policies adopted by Company before being approved and any change in these policies and providing the Committee's recommendations in this regard and considering the



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

appropriateness of accounting policies to the nature of Company business and its effects on the financial position and business results.

- 11) Auditing the annual report prior to its publication and ensuring that the information is understandable and in conformity with the knowledge of Members about the Company and its activities as well as reviewing any legal issues that affect the financial position of the Company.
- 12) Evaluating the fairness of periodic financial reports and explanations contained therein and seek the advice of the Executive Management, internal auditor and chartered account about,
 - A) if the discrepancies in the financial percentages is inconformity with the changes of the Company's operations and financial practices.
 - B) If the general accepted accounting principles are applied constantly.
 - C) If there any unusual events or procedures.
 - D) If the financial and administrative internal control system effectively meets its objectives.
 - E) If the periodic financial reports contain sufficient and appropriate information for publication.

B) Internal Audit:

- 1) Examining and reviewing the Company's internal and financial control systems and risk management system;
- 2) Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- 3) Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- 4) Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations
- 5) Inviting the internal auditor to attend meetings of Audit Committee at least one time annually to discuss audit plans and any other matter that Committee considers. It also has the right to invite him/her at any time to discuss any other matters relevant to internal audit.
- 6) Verifying the sufficiency of the control activities in the facility, the efficiency of its design in an appropriate way minimizing and detecting fraud and errors, immediately after they occur, and the effectiveness of the implementation of control activities in a manner allowing verifying of the quality of control activities and consistency of implementation.
- 7) Overseeing investigations related to fraud or errors occurred in the Company or any matters that the Committee deems important for investigation.
- 8) The internal audit department may be taken as a reference for the Audit Committee information in cases of important and unusual embezzlement, in addition to the Company's application of legal aspects.
- 9) Examining the nomination applications for the auditor general post in the Company, remuneration, allowances and other benefits allocated and nomination of the most suitable person with the reasons and consideration of the termination of general auditor service whether due to resignation, disability, or dismissal and present relevant recommendations to the Board.
- 10) The Audit Committee shall prepare a report on its opinion about the adequacy of the internal control system in the Company and the other activities, carried out within its competency. The Board shall submit sufficient copies of this report to the Company headquarter, ten-day prior to the meeting of General Assembly to provide a copy thereof to the interested shareholders. The report shall be read during the General Assembly meeting.



C) External Auditor

- 1) Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts
- 2) Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards
- 3) Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- 4) Responding to queries of the Company's external auditor; and
- 5) Reviewing the external auditor's reports and its remarks on the financial statements, and following up the procedures taken in connection therewith.
- 6) Following up the functions of chartered accounts
- 7) Monitoring the inventories including those made in the Company's branches and projects.
- 8) Holding individual meeting with the chartered accountant to discuss any matters that Committees or auditors consider to be discussed personally.
- 9) Ensuring that the important notices and recommendations submitted by the chartered accountant have been received and discussed timely.
- 10) Ensuring the response of the management to the recommendations of chartered accountant.
- 11) The Ordinary General Assembly shall appoint the Company's external auditor based on a nomination of the Board, and taking into account the following:
 - A)- The nomination shall be based on a recommendation from the Audit Committee.
 - B) The external auditor shall be authorized and meet the requirements established by the competent authority.
 - C) The external auditor's interests shall not conflict with the interests of the Company.
 - D) The number of nominees shall not be less than two auditors.

D) Ensuring Compliance

- 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- 2) Currently, the Audit Committee is concerned with all matters related to the tasks of implementing Corporate Governance regulations and controls.
- 3) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- 4) Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith;
- 5) Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken;
- 6) Ensuring that corrective actions are taken or recommended in order to adequately resolve complaints, issues or disputes raised by the Company's stakeholders;
- 7) Reviewing any management decisions that require a second opinion from auditors other than the Company's regular external auditors with respect to any significant accounting issue;
- 8) Ensuring the Company's management promptly responds to the internal auditors' recommendations within a reasonable time frame;



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 9) Reviewing all transactions with related parties and approving any transactions according to the limits of the authority granted to it by the Board; and
- 10) Preparing audit committee report for the shareholders, which shall include details of Committee's performance against the assigned responsibilities and duties, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in Fitaihi.

V: The Qualification Requirements of Chartered Accountants Offices

The Board shall invite chartered accountants that were nominated by the Audit Committee. This invitation should contain the scope of function, conditions and obligations that Company considers necessary to conduct audit process. The Board of directors shall give those accountants the access to the required data and clarifications aims at identifying the volume and nature of Company's activities. Each accountant shall provide presentation of audit process and brief on its office, including in particular the following:

- A)- The educational and professional qualification of the team work members, their names and nationality who will conduct audit process.
 - B)- A clarification of work quality at his office.
 - C)- Entities that would be hired for auditing purpose (if any) and the aspects in which they will participate and the nature of their participation, qualifications, experiences of individuals that will be appointed in this regard.
 - D)- Previous experience of the office in auditing similar companies.
 - E) Size and statement of the office branches and technical employees' number that work at the office.
 - F)- Number of hours scheduled for each Member of team work (partner, director, audit etc..)
 - g) The kinship between the chartered accountant or the team work that will perform the audit process and the Board Members (if any). The business relationship between the chartered accountant and the Company or any Member of its Board Members (if any).
 - H) Expected date of preparing his report on the financial statements of the Company.
- Auditing fees.

General Conditions:

- Permit to work in the Kingdom of Saudi Arabia.
- A long experience in auditing joint stock or limited liability companies.

Quality Control

- Business review by another partner that has no direct relationship to the audit process.
- Audit of the business and services that the office performs every three years by a global accounting office.
- Saudi Organization for Certified Public Accountants shall review the office and obtain a satisfactory result.



Kinship:

The owner, partners, or any Member of the audit team should not have any direct or indirect kinship with Board Members or Executive Management Members under an acknowledgement submitted upon qualification.

Notice: The office may be excluded from tender in the event that office fails to fulfil one of the conditions mentioned above, and may be exempted from any of the above mentioned conditions.

Duties of the External Auditor

- 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; and
- 3) Request the Board to call for a 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.

External Auditor's Bid Analysis:

- 1) The Company management shall prepare a comparative table of the bids submitted by the certified accountants in accordance with the data referred to in Article 12, and submit it to the Audit Committee, accompanied by the bids and data submitted by the certified accountants.
- 2) The Committee shall study the comparative table, bids and attached data, it shall invite the audit team each office separately for a meeting to discuss the bid submitted by it in light of the above-mentioned conditions.
- 3) The Committee shall develop a memo to be presented to the Board, stating a summary of its analysis of the submitted bids and nominating one or more certified accountants to audit the Company accounts and indicate the basis on which the nomination was made.
- 4) The Members of Audit Committee may exclude one or some of the above-mentioned conditions when selecting audit offer, when it relates to expertise, high quality of the audit office or appropriate price for example.
- 5) The Board shall present to the General Assembly the recommendation submitted by the Audit Committee indicating the chartered accountant names who submitted their bids and then their nomination by the Audit Committee to audit the Company accounts and the auditing fees as well as the basis on which the nomination was made. Moreover, the General Assembly shall appoint one or more chartered accountants to audit the accounts of the Company and determine their remuneration and the duration of their work.



Audit Period:

As per the statutory regulations in this regard.

VI: Audit Committee Regulations

- 1- The Committee shall select from a chairman among its members; besides it may select Secretary among its Members or others to prepare its meetings minutes and takes over the administrative issues of the Committee.
- 2- The Committee shall convene upon an invitation from its Chairman, who presides over all the committee meetings when he is present. If the committee chairman is absent, he/she can delegate one of the committee Members to chair the meeting, or the attending Members may elect a temporary Chairman among themselves during the meeting.
- 3- A committee Member may delegate another Member to attend these meetings. The Committee deliberations and resolutions shall be recorded in the minutes signed by the Committee's Chairman and Secretary. The Committee Member shall be considered resigned if the Member fails to attend Committee meetings, without acceptable excuse, for more than (3) consecutive or (5) separate meetings.
- 4- The quorum of Audit Committee shall be constituted at its meeting by the presence of the majority of its Members and its resolutions shall be adopted by majority vote of the Members present. In the event of a tie, the chairman will cast the deciding vote.
- 5- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.
- 6- The Committee Member shall comply with the Board Member obligations and maintain the Company's secrets. The Committee Members may not disclose any information acquired due to their work to shareholders or others.

VII: Duties of Member of Audit Committee

- 1) Regularly attending and participating in the Committee meetings. The Member who has circumstance requires his absence from Committee meetings, shall notify the Committee chairman in writing. The Member may not leave the meeting permanently prior the conclusion of session without permission from the Chairman of the Committee.
- 2) Maintain the Company's secrets, the Committee Members may not disclose any information acquired due to his work to shareholders or other.
- 3) The Committee Member shall not perform any executive work in the Company.
- 4) The Committee Member shall maintain the necessary efficiency for performing the assigned works and keeping up with the new developments relevant to the entity works.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5) The Committee Member shall be characterized by fairness, and demonstrate integrity, chaste, honesty, objectivity and independence in performing his duties. The Member shall also strip all personal interests and his judgement shall not be subject to the views of others, and not reveal untrue information.
- 6) The member, shall not knowingly participate in any business or activities deemed to be detrimental to dignity of the profession or entity to which he belongs.
- 7) The Committee Member shall refrain from engagement in any activity that may conflict with the interest of the establishment or may affect his ability to carry out his duties and responsibilities objectively.
- 8) The Committee Member shall not accept any gift from employee, agent, client, supplier or those who have a business relationship with the establishment that may lead to a weakening of his independence in form and in substance, or cancel or is assumed to cancel his decisions.
- 9) The Committee Member shall disclose to the Board any transactions made between him and the Company and the nature of this relationship as required by the transactions rules with relevant parties. The Member shall disclose the relationship between him and the Board of directors and the executive directors in the Company.

VIII: Remuneration and Allowances of Audit Committee Members Attendance

- 1) Each external Member of the Audit Committee -non Board Member- shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed indemnities.
- 2) The attendance allowance of Audit Committee meeting amounted (1500 SAR) for each session (as approved in the Shareholders' Assembly dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members in this capacity, and a certain amount for each hour of the hours the Member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred for business related to carrying out his business duties.
- 3) The Board report should clarify to the General Assembly the remunerations and other benefits that were paid to the Board Members.
- 4) If the Committee Member or the Committee Secretary is an employee of the Company or someone who receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending Committee meetings referred to above.
- 5) A Board Member may obtain remuneration for his membership in the Audit Committee or for any additional business, executive, technical, managerial or consultative positions -under professional license- assigned to him by the Company. In addition to the remuneration that he may receive in his capacity as a Member in the Board or the Committees formed by the Board, in accordance with the Companies Law and the Company's Articles of Association. In other words, the total remunerations that Board Member shall obtain in return for his membership in the Audit Committee formed by the General Assembly or for any additional business or executive, technical, administrative, or advisory positions- under a professional license - business or assigned to him at the Company shall not be listed within the scope of the upper limit of remunerations (if there is a limit).
- 6) All the above-mentioned remunerations and allowances can be disbursed on a quarterly, semi-annual or annual basis, or in any other way appropriate to the Company's circumstances.



IX: Competencies of the Committee Chairman, Deputy and Secretary

- 1- If the Board did not appoint or determine the chairperson of the Audit Committee, the Committee Members shall elect chairman among them for a membership term, and the Committee chairman shall supervise the accomplishment of tasks of Committee and he, has in particular the following:
 - Calling the Committee to convene and determining the time, date and place of each Committee meeting and the agenda, in coordination with the Committee members.
 - Chairing the Committee meetings.
 - Submitting the Committee's outcomes and recommendations to the Board.
 - Preparing periodical reports about the Committee activities in coordinating with the Committee Secretary and presenting it to the Committee in preparation for submitting it to the Board, after being adopted by the Committee.
 - Representing the Committee before the Board and any other entity.
- 2- The Committee Members may elect a chairman deputy among them for the Committee membership term. He shall assist the chairman in carrying out his duties and act on his behalf while being absent.
- 3- The Committee's Secretary, who is appointed by the Committee or the Board which determines his/her fees, shall attend the Committee's meetings without having the right to vote (as long as he is not a Member of the committee). He shall prepare the meeting minutes, inform Members of the meeting dates and the agenda, and perform all the administrative work of the Committee. In selecting the Committee's Secretary, he/she shall have the scientific qualification and practical experience to be able to carry out the assigned duties. The Committee Secretary shall maintain the Company's secrets and refrain from practicing any activity that might be in conflict the Company's interest.

X: Audit Committee Meetings

- 1) The Committee shall adopt an initial schedule of its meetings before the beginning of each year.
- 2) The committee meets periodically, at least quarterly, provided that its meetings are not less than four during the Company's financial year, and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its members.
- 3) In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee of its Members or by two members, chartered accountant, internal auditor, or Board of directors.
- 4) The Committee shall meet periodically with the Company's external auditor and the internal auditor.
- 5) The Committee decisions and recommendations shall be issued by a majority of the votes of its Members present and, in case of a tie, the chairman of the relevant Committee shall have the casting vote, and it is not permissible to refrain from voting.
- 6) Any Member may express his reservation to any decision made by the Committee, provided that he shall indicate the main reasons for his reservation. If any Member leaves the Committee meeting before its conclusion, his reservation - if any - shall be limited to decisions related to the discussed items in his presence, provided that he shall state in the minutes the items that he did not attend its discussion if he expressed his desire in writing.
- 7) The internal auditor and auditor may call for a meeting with the Audit Committee at any time as may be necessary



XI: Documentation of the Audit Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- A)- During the meeting, the Committee Secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of discussion.
- B)- For each meeting, the Committee Secretary shall write down a draft minute in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions issued by the Committee, and it shall be referred to the Committee chairman for approval.
- C)- The draft shall be sent to all the Members and they shall be asked to send their notes within two working days from the delivery date.
- D)- The draft minutes shall be edited in light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- E)- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and presented to the members, signed by the Committee Secretary and Chairman.
- F)- If any significant notes would be mentioned by the members, they shall be included in the next meeting agenda.
- G)- The signed version shall be preserved in a special soft copy and hard copy file accompanied by documents and correspondence related to the minutes.

XII: Action Plan and Reports of Audit Committee:

- 1) The Committee shall submit periodical reports to the Board and an annual report to the Company General Assembly including achieved businesses and results, material deviations, errors, or weaknesses in the design or implementation of the Company's internal control system. The report shall include the Committee's recommendations to address deficiencies in order to develop and put the Company's internal control system in effect.
- 2) The Committee shall exercise due diligence when preparing its reports, of the possibility of intentional irregular acts, or the existence of fraud or errors in the financial reports prepared by the Company. In addition, the Committee shall be alert to the opportunities or situations that may allow these operations to occur. For example, skipping the supervisory procedures, submitting unexplained exceptions to an individual or entity and occurring of unusual losses. In such cases, the Committee shall seek the assistance of a legal counsel or other consultant to examine the case and provide relevant proposals.
- 3) The Audit Committee report shall contain the details of its competency and functions stipulated in the Companies Law and its Implementing Regulations, provided that it should include its recommendations and opinion on the adequacy of the Company's financial and internal control and risk management systems.
- 4) The Board shall provide sufficient copies of the Audit Committee report in the Company's headquarters and publish such copies on Tadawul website when publishing the invitation to hold the General Assembly, to enable any shareholder to obtain a copy thereof. The report summary shall be read during the General Assembly discussing the annual financial statements.



XIII: Audit Committee Powers

In order to perform its duties, the Board has authorized the Committee to the following:

- 1) Obtaining information they need from:
 - Company employees (All Company employees should cooperate and provide the Committee with any required information).
 - Internal or external legal and professional advisors.
 - Any third party.
- 2) Inviting the specialized employees of the Company to attend the Committee meetings, for discussions, if necessary.
- 3) Seek the assistance of specialized consultants and experts to help assess the presented studies and plans, and agree on the required fees.
- 4) The Audit Committee shall be responsible for monitoring the Company's business. For this purpose, it has the right to audit its records and documents, and to request any clarification or statement from the Board Members or the Executive Management.
- 5) The Committee may ask the Board to convene a General Assembly meeting, if the Board hindered its business or the Company witnessed damages or heavy losses.

XIV: Conflict between the Board and the Audit Committee

If a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or if the Board refuses to put the Committee's recommendations into action as to appointing or dismissal the Company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the Committee's recommendations and justifications, and the reasons for not following such recommendations.

XV: Arrangements for Providing Remarks

- 1) The Secretary Committee shall confidentially receive any remarks by the Company employees in respect of any misstatements in the financial reports, etc.
- 2) The Secretary shall send these remarks to the Audit Committee Chairman via e-mail and ensure that they are received by him/her via a phone call or personal meeting during a work day.
- 3) The Committee chairman shall evaluate and present such remarks to the Committee Members at the next first meeting or promptly send them to the rest of the Committee members, according to the importance and significant of these remarks.
- 4) The Committee shall accurately study such remarks and independently investigate, if it is necessary, in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

XVI: Update & Amendment

- 1- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Chapter 3: Nomination and Remuneration Committee Charter

May, 2023

Annex (7)

I: Formation of the Nomination and Remuneration Committee

- 1- The Company's Board shall, by resolution thereof, form a Committee to be named the "Nomination and Remuneration Committee." Members of the Committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.
- 2- The Company's General Assembly, as per the Board recommendation, issues a regulation for the Nomination and Remuneration Committee including its procedures, duties and rules for selecting its Members, the tenure of their Membership and their remunerations.
- 3- The Board may exclude any of the Members of the Nomination and Remuneration Committee in case that any of violation to the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.
- 4- The chairman of the Committee shall be an independent Member of the Board.

II: Tenure of the Nomination and Remuneration Committee and Nomination of its Members

- 1- The Committee's tenure shall start at the beginning of the Board session until the end of the Company's Board tenure. The number of the Members of the Committee shall not be less than three and not more than five.
- 2- The Board shall select the Committee Members and the Board may re-nominate them to the Committee Membership for other similar terms.
- 3- Membership shall expire in case of death or sickness invalidity (God forbid).
- 4- The Board can exempt a Member from the Committee's Membership in case that he submits a request to be exempted from Membership in the Committee, or the Member misuses his position in the Committee, or if a Committee Member is absent for (3) consecutive meetings or (5) separate meetings without an acceptable excuse for the chairman of the Nomination and Remuneration Committee and the Board, or if the Member fails to meet any of the conditions that shall be met for Membership of the Committee.
- 5- Upon the expiration of Member's tenure during the term of Committee due to death, resignation, disability or dismissal, the Board shall appoint Member to fill the vacant seat on the Committee, the Capital Market Authority shall be informed within the statutory period from the date of appointment, and the appointment shall be presented to the Ordinary General Assembly at its first meeting and the new Member shall complete the tenure of his predecessor.



III: Rules for Selection of Members of Nomination and Remuneration Committee

- 1- The Committee shall not be formed of Executive Board Members and non-Board Members may be appointed whether they are shareholders or others.
- 2- The Chairman of the Nomination and Remuneration Committee shall be an Independent or non-executive Member.
- 3- It is advisable that the Member has an appropriate academic qualification, generally, in the field of administration.
- 4- It is advisable that a Committee Member may not have direct or indirect interest in business and contracts made for the account of the Company.
- 5- The Executive Board Member may not be a Member in the Nomination and Remuneration Committee.
- 6- The Chairman of the Board can be a Member of this Committee but not its head.

IV: Competencies, powers and responsibilities of the Nomination and Remuneration Committee

- 1- Preparing a clear policy for the remunerations of the Board Members and the emanating Committees of the Board and Executive Management, reporting such policy to the Board in preparation for approval by the General Assembly, provided that such policy shall be in consistent with the standards linked to performance, disclosing and ensuring the implementation of such policy.
- 2- Clarifying the relation between the granted remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- 3- Periodically reviewing and assessing the effectiveness of the remuneration policy in order to meet its objectives.
- 4- Providing recommendations to the Board in respect of the remunerations of its Members, the emanating Committees and Senior Executives in accordance with the approved policy.
- 5- Proposing clear policies and standards for the Board and Executive Management Membership.
- 6- Providing nomination or re-nomination recommendation of its Members to the Board, in accordance with adopted polices and standards, taking into consideration not to nominate whomsoever convicted of a crime involving breach of trust.
- 7- Preparing a description of the required capabilities and qualifications to hold the Board Membership and Executive Management positions.
- 8- Determining the time needed to be allocated by the Member to the Board businesses, whereby it is necessary to follow-up his responsibilities and functions assigned by the Board and Committees until they are fulfilled.
- 9- Providing an annual audit of the required requirements for adequate Board Membership and Executive Management positions competences.
- 10- Reviewing the structure of the Board and Executive Management and referring recommendations regarding the proposed changes.
- 11- Annually verifying the independence of Members, and ensuring that no conflict of interest is detected if the Member hold another Board Membership.
- 12- Developing job descriptions for Executive Members, non-Executive Members, independent Members and Senior Executives.
- 13- Developing special procedures in case the position of a Board Member or a Senior Executive has become vacant.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 14- Identifying weaknesses and strengths in the Board, and proposing relevant solutions in line with the Company's interest.
- 15- Assessing the Senior Executives and CEO performance in the Company, in accordance with the Company HR Department reports.
- 16- Conducting final interviews to adopt appointing the Senior Executives.
- 17- Informing the CEO and Members of the Board Members, particularly non-executive Members of the Board, with the shareholders' proposals and received remarks on the performance of the Company.

V: Rules for Nomination and Remuneration Committee

- 1- The Board shall elect a Committee Chairman from among its Members and it is allowed to elect a Secretary among its Members or others to prepare minutes of meeting and assume the Committee administrative business.
- 2- The Committee shall convene upon an invitation from its Chairman. The Committee deliberations and decisions shall be recorded in the minutes signed by the Committee's chairman and Secretary. The Committee Member shall be considered resigned if the Member fails to attend Committee meetings, without justifiable excuses, for more than three consecutive meetings.
- 3- Nomination and Remuneration Committee meetings shall be valid, when the majority of its Members shall present. 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 meeting shall have the casting vote.
- 4- It is advisable that a Committee Member may not engage in any activities that may lead to competition with the Company or competition in any of its activities, otherwise the Company has the right to demand for compensation, and consider this business as operated for the benefit of the Company.
- 5- The Committee Member and the Board Member should preserve the Company's confidential information. The Committee Member shall not disclose or announce any secrets he/she came across through his/her work to any shareholder of the Company or to a third party.

VI: Duties of Nomination and Remuneration Committee Member

- 1- Regularly attending the Committee sessions and effectively participate in the assigned business. An unexpected absence of a Member from one of the Committee's sessions should be notified to the Committee's chairman in writing. A Member may not leave the session before its end unless permitted by the Committee's Chairman.
- 2- Maintaining the Company's secrets, and it is not permissible for a Committee Member, in sessions other than those related to the General-Assembly, to disclose to the shareholders or others what he/she comes across.
- 3- Preserving the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's business.
- 4- Being fair, honest, sincere, objective, independent, dissociated, unbiased and not to deliberately disclose false information.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 5- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.
- 6- The Committee Member shall not accept any gift from employee, agent, client, supplier or those who have a business relationship with the establishment that may lead to a weakening of his independence in form and in substance, or cancel or is assumed to cancel his decisions.
- 7- The Committee Member shall disclose to the Board any transactions made between him and the Company and the nature of this relationship as required by the transactions rules with relevant parties. The Member shall disclose the relationship between him/her and the Board of Directors and the Executive directors in the Company.

VII: Remuneration and Allowances of Nomination and Remuneration Committee

- 1- The attendance allowance of the Nomination and Remuneration Committee meeting is amounting to (SAR 1500) for each session (as approved in the Shareholders' Assembly meeting dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members, and a specific amount for each hour spent by the Member outside the Committee meetings for relevant business, and an indemnity for actual expenses incurred for business related to carrying out his duties.
- 2- The General Assembly Board Report should illustrate the remunerations and other benefits that were paid to the Committee Members.

VIII: Competencies of the Committee Chairman, Deputy and Secretary

- 1- The Board shall select a Committee Chairman among its Members for the Committee Membership tenure and the Committee chairman shall supervise the achieved tasks of the Committee, in particular he/she shall carry out the following duties:
 - Inviting the Committee to convene a meeting as well as determining the time, date, place and agenda of each Committee meeting, in coordination with the Committee Members.
 - Chairing the Committee meetings.
 - Submitting the Committee's outcomes and recommendations to the Board.
 - Representing the Committee before the Board and any other entity.
- 2- The Committee Members may select a chairman deputy among them for the Committee Membership tenure. He shall assist the chairman in carrying out his duties and act on his behalf while being absent.
- 3- The Committee's Secretary, who is appointed by the Committee and whose fees is determined, shall attend the Committee's meetings without having the right to vote (as long as he is not a Member of the Committee). He shall prepare the meeting minutes, inform Members of the meeting dates and the agenda, and perform all the administrative work of the Committee. Upon the selection of the Committee's Secretary, he shall have the academic qualification and practical experience to be able to carry out the assigned duties. The Committee's Secretary shall maintain the Company's secrets.



IX: Nomination and Remuneration Committee Meetings

- 1- The Committee shall adopt an initial schedule of its meetings before the beginning of each year, provided that an agreement is reached during each meeting on the date of the next meeting.
- 2- The Committee shall hold a periodical meeting at least every 3 months and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its Members.
- 3- In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee of its Members or by two Members, chartered accountant, internal auditor, or the Board.
- 4- The Committee resolutions and recommendations 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, and it is not permissible to abstain from voting.
- 5- Any Member may have the right to express his/her reservation to any decision made by the Committee, provided that he/she shall clarify the main reasons of reservation. If any Member is permitted to leave the meeting before its end, his reservation (if any) shall be limited to the decisions related to discussed items in his attendance, provided that missed items that he/she did not attend, shall be documented in the minutes if requested in writing by him/her.

X: Documentation of Nomination and Remuneration Committee Meeting Minutes

The Meeting minutes shall be documented as follows:

- 1) During the meeting, the Committee's Secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of discussion.
- 2) For each meeting, the Committee's Secretary shall write down a draft minutes in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions issued by the Committee, and it shall be referred to the Committee chairman for approval.
- 3) The draft shall be sent to all the Members and they shall be asked to send their notes within a week from the delivery date.
- 4) The draft minutes shall be edited in light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- 5) In the light of the Chairman's directions, a final version of minutes of meeting shall be prepared and presented to the Members, signed by the Committee's Secretary and Chairman.
- 6) If any significant notes would be mentioned by the Members, they shall be included in the next meeting agenda.
- 7) The signed version will be preserved in a special file accompanied by documents and correspondence related to the minutes.

XI: Powers of Nomination and Remuneration Committee

In order to perform its duties, the Board has authorized the Committee to the following:



مجموعة فتحي القابضة
FITAIHI HOLDING GROUP

- 1- Obtaining information they need from:
 - Company employees (All Company employees should cooperate and provide the Committee with any required information).
 - Internal or external legal and professional advisors.
 - Any third party.
- 2- Inviting the specialized employees of the Company to attend the Committee meetings, for discussions, if necessary.
- 3- Seek the assistance of specialized consultants and experts to help assess the presented studies and plans.

XII: Remunerations Policy

Please refer to the (Remuneration and Compensation Policy for Members of the Board, Members of the Board Committees, and the Executive Management).

XIII: Nomination Procedures

- 1) The Nomination and Remuneration Committee shall take into consideration when nominating new Members of the Board the terms and conditions stated in the Corporate Governance Regulations, the requirements decided by the Authority, and the Company's Companies Governance Regulations.
- 2) The number of candidates for Board Membership whose names are presented to the General Assembly shall exceed the number of seats available so that the General Assembly shall have the opportunity to select from several candidates. (For Guidance)¹

*** Please refer to the “Board Membership Nomination Procedures” Article included in the (Charter of Standards, and Procedures for the Membership of the Board of Directors)**

XIV: Publishing the Nomination Announcement

The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the Membership of the Board, provided that the nomination period shall remain open for (at least) a month from the date of the announcement.

¹ **(For Guidance) Articles:** They are not binding on the Company in all cases; except when approved by the Regulatory Authorities. Until then, the Company may or may not apply what is stated in those guiding articles, in whole or in part, and according to what it deems appropriate. The Company may stop applying these guiding articles, if used by it, without any responsibility as long as the Regulatory Authorities do not require the application of those articles.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

XV: Nomination Rights of Shareholders

None of the provisions of this Chapter shall prejudice the right of any shareholder to nominate him/herself or others to the Membership of the Board in accordance with the provisions of the Companies Law and Its Implementing Regulations.

XVI: Charter of Standards, and Procedures for the Membership of the Board of Directors

[Annex \(2\)](#)

XVII: Mechanisms and Assessment Procedures of the Board Members, Emanating Committees, CEO and Executive Management (For Guidance)

As stipulated in the internal Corporate Governance Regulations. (For Guidance)

XVIII: Update & Amendment

- 1- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Regulation of Standards, and Procedures for the Membership of the Board of Directors

May, 2023

Annex (2)

I: Basic Qualifications and Skills of the Board Member (For Guidance)

A Board Member is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/ her to perform his/ her duties efficiently. He/ she shall have the following qualifications in particular:

- 1) **Leadership Capacity:** He/ she shall enjoy leadership skills which enable him/ her to grant powers in order to enhance performance, apply best practices in the field of effective management and comply with professional ethics and values.
- 2) **Efficiency:** He/ she shall have the academic qualifications, proper professional and personal skills, an appropriate level of training and practical experience related to the current and future businesses of the Company, management, economics, accounting, law or governance, as well as the desire to learn and be trained.
- 3) **Mentoring Capacity:** He/ she shall have the technical, leadership, and administrative competencies, prompt decision-making, and understanding the technical requirements and developments related to the work progress. He/ she shall also be able to provide strategic mentoring and clear future planning and vision.
- 4) **Financial Literacy:** He/ she shall have the ability to read and understand financial statements and reports.
- 5) **Physical Fitness:** He/ she shall not suffer from any health issue that may hinder him/ her from performing his/ her duties and responsibilities. When electing Board Members, the General Assembly shall take into account the recommendations of the nomination Committee and the availability of the personal and professional capabilities required to perform the assigned duties effectively pursuant to this Article.

II: Criteria for Candidacy for Board Membership

- 1) The nominee for the membership of the Board of Directors must be a natural person.
- 2) The nominee shall not be less than thirty (Gregorian) years old at the time of application, unless the nominee is a representative of a Company or an investing entity according to the requirements of the regulations, and the Company position.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 3) It is not permissible for any Board Member to combine the membership of more than five joint stock companies at the same time.
- 4) The Nomination and Remuneration Committee may request to conduct interview/s with the nominee/candidate who shall accept the Committee's request.
- 5) It is necessary to the members -collectively- to have the qualifications, competences and experiences required for the Board to perform the assigned duties, and to be distributed in a balanced manner among the members, in order to achieve effectiveness and provide sufficient experience for the Board. It is not necessary to have all required skills in each member.
- 6) The Board Member shall have the ability to manage, to supervise and to understand the legal and financial aspects and in particular being aware of the Company business and activities. Each Board Member shall provide an adequate time to follow up the Company's affairs and tasks assigned by the Board. The Board shall seek to select candidates, who fulfill the membership standards, or other type of candidates.

III: Nomination Conditions/Requirements:

The candidate must fulfill all the conditions of nomination for the Board of Directors membership in accordance with the relevant laws and regulations, the Charter of Standards and Procedures for the Membership of the Board of Directors, and as follows:

- 1- Each shareholder shall have the right to nominate himself/herself or other person(s) for membership to the Board of Directors, to the extent of his shareholding in the capital.
- 2- Anyone who is interested in being nominated to the Company Board shall declare his/her wish by notifying the Company Management in accordance with the mentioned dates, the Charter of Standards and Procedures for the Membership of the Board of Directors, applicable rules and regulations. This notice shall include an introduction of the nominee with respect to his/her curriculum vitae, his/her qualifications and his/her work experience, such documents shall be submitted in both Arabic and English languages. In addition, the nominee must provide the Company with the all supporting documents such as (National ID, Family ID, and passport for non-Saudis nominees for the Board membership, Nomination Forms, and any other relevant documents requested by the Company to meet the legal requirements).
- 3- A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:
 - a. Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.
 - b. Engaging in a business that may compete with the Company or any of its activities.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 4- Nominees for Board membership shall complete the form(s) specified by the Capital Market Authority, which can be found on their website.
- a. Submit a signed copy of form No. (1) Curriculum vitae after filling it out electronically in both Arabic and English.
- b. Submit a signed copy of form No. (3) issued by the Capital Markets Authority for Board membership candidacy in the Board of Directors of a joint stock company listed on the Saudi Stock Exchange (Tadawul) after filling it out electronically in Arabic.
- 5- Any nominee who is a previous board member of a joint-stock company shall state the names and dates of the boards in which he/she was a member.
- 6- Any nominee who has served as a Board member in the Company shall enclose with the nomination notice a statement from the Company Management on the last session in which he/she was a Board Member including the following:
- a. The number of Board meetings held during each year of the session.
- b. The number of meetings attended by the member, and the percentage of his attendance of the total meetings.
- c. The committees in which the member participated, the number of meetings held by each of these committees during each year of the session, the number of meetings attended and the attendance percentage of the total number of meetings.
- 7- Membership type shall be clarified upon nomination, i.e. if the nominee is an executive member or a non-executive member or an independent member.
- 8- The membership nature shall be clarified, i.e. if the member is a nominee for himself/herself or he/she represents a legal person.

The Nomination and Remunerations Committee will review the nomination requests submitted to it. Noting that incomplete applications will not be considered, and voting in the General Assembly shall be limited to the Board nominees who nominated themselves in accordance with the Policies, Standards and procedures for Board Membership, and the provisions contained herein.

IV: Board Membership Nomination Procedures

- 1) The Company shall announce the opening of candidacy for Board membership on Tadawul website, on its website, and by any other means specified by the Authority.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 2) The stakeholder shall submit a candidature during the announced candidacy time-limit which is not less than (30 days) as of the announcement date on Tadawul website. The Committee of Nomination and Remuneration may extend the candidature time-limit.
- 3) The nominee shall submit a signed application for his desire to run for the new term of Board membership, including and enclosing the following data and documents in both Arabic and English (especially the CV):
 - A- The candidate's full name, a copy of ID card and commercial registry in case of companies, in addition to his CV, academic qualifications, relevant experience in the field of the Company's business and contact numbers, along with a recent personal photo.
 - B- Filling in the Company's forms and the Capital Market Authority application form No. (3) C.V. of a nominee for the Board membership of a joint stock Company listed on the Saudi Capital Market, which can be extracted from the Capital Market Authority website.
 - C- A statement of the joint-stock companies in which he/ she still a Board member, a statement of his membership in the Committees drawn from those companies specifying his/her membership nature.
 - D- A statement on the Companies' Board memberships, which he has previously assumed, membership terms, number of Board meetings convened over the Board Session, number of meetings attended, and his attendance rate out of the total meetings. A statement on the permanent Committees in which the member participated and number of meetings held by each of those Committees during each year of the session.
 - E- A statement on companies or institutions that he participates in management or ownership, exercising business similar to the Company's business.
 - F- The nominee shall submit a good conduct acknowledgment proving that he/ she has not previously been convicted of a crime involving breach of morality or trust.
 - G- The nominee shall submit any additional documents or acknowledgments as required by the Nomination & Remunerations Committee or/and the statutory relative regulations.
- 4) The Nomination and Remuneration Committee shall take into consideration, when evaluating candidates, the diversity of academic qualification and practical experience, and shall prioritize those skilled and fulfilling the requirements of the Board membership, provided however that the number of the independent members shall not be less than 2 members or less than 1/3 of the members of the Board (Interviews with the candidates might be required). (In the event that the calculation of one-third results in a decimal fraction, such as the number of members of the Board is seven, the number of independent members must be at least three).
- 5) The Nomination and Remuneration Committee shall take into consideration that the number of candidates for Board membership whose names are presented to the General Assembly shall exceed the number of seats available so that the General Assembly shall have the opportunity to select from several candidates. **(For Guidance)**
- 6) Voting in the General Assembly shall be limited to the Board candidates running for candidacy in accordance with the aforementioned policies, standards and procedures and according to the cumulative voting procedures.
- 7) A legal person who is entitled, according to the Company's Articles of Association, to appoint representatives to the Board of Directors, will not vote on the selection of others in the Board of Directors².



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 8) The General Assembly shall select the Board members from among the candidates. Sufficient information about the candidates shall be provided, as early as possible, before the General Assembly meeting so that the shareholders may review such information before the Assembly date. Moreover, a comprehensive summary of the nominee C.V. shall be prepared to be distributed to the attending shareholders during the Assembly meeting (usually it is included in the printed report of the Board).
- 9) The resumes of the candidates shall be attached to the announcement of the invitation to the General Assembly, which will elect the Board of Directors in its new session, on the Tadawul website, and shall also be published on the Company's website.
- 10) The Nomination and Remuneration Committee or the Board may exclude or rule out any of the candidatures for the Board membership if they do not meet any of the standards, conditions, or procedures mentioned above.
- 11) The selected candidates shall be notified of their formal acceptance as Board Members; a date shall be set for to meet with Senior Executives of the Company and the former Board to learn about the Company's activities and important affairs that should be known - especially financial and administrative aspects - and inform them about their obligations in accordance with the rules of the Capital Market Authority and the Articles of Association, systems and regulations of the Company.
- 12) If a nominee winning a Board seat, apologized after the Assembly voting and before the beginning of the new Board session, the Board shall appoint a Board member fulfilling the competencies and standards required for the vacant seat. The Ministry of Commerce and the Capital Market Authority shall be informed within the statutory period from the date of this appointment.
- 13) The Nomination and Remuneration Committee shall take into consideration when nominating new members of the Board the terms and conditions stated in the Corporate Governance Regulations and the requirements decided by the Authority.
- 14) If the number of candidates for membership in the Board is equal or less than the number of members of BOARD to be elected, then in this case all candidates can be elected by acclamation.
- 15) The independent candidates win their seats on the Board of Directors by acclamation (whatever the number of votes they obtained in the General Assembly), if their number is equal to the required minimum number of independent members (one third of the number of elected Board members).
- 16) Documents shall be delivered by any of the following means:
 - A. E-Mail sh@fitaihi.com.sa (The e-mail size shall not exceed 5 MB)
 - B. To be delivered to the Department of CG & Investor Relation at the Group Headquarters.

Cumulative Voting

- 1) The cumulative voting method is followed when the General Assembly selects the members of the Board of Directors from among the candidates, and this method is a direct secret vote by the shareholders (or their representatives) when selecting the members of the new Board of Directors, and through it, each shareholder is granted voting power according to the number of shares owned, so that he/she has the right to give it to one candidate or divide it among the candidates he/she chooses, without any repetition of these votes, and so that the total number of votes he/she gives is equal to the number of shares he/she owns.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 2) The shareholders must not exceed the set number of the Board members to be elected, otherwise the voting cards that violate this condition will be excluded so that the shareholder's vote becomes void for all candidates as if it had not been.
- 3) The number of votes granted by the shareholder (or his/her representatives) may not exceed the total number of shares owned. If it exceeds this limit, the excess votes shall be reduced in proportion to the candidates for whom he/she voted. If the total number of votes used by the shareholder is less than the total number of shares he/she owns, the remaining votes will not be used to increase the votes of the candidates for whom he/she voted.
- 4) After the votes are counted, the votes obtained by the candidates will be counted in descending order, and the top candidates in the ranking list are considered to have already been elected.
- 5) **It should be borne in mind that at least one-third of the members of the Board are independents. (Even if they receive fewer votes than the non-independent candidates. In this case, the non-winning independent member(s) in the elections shall replace the (non-independent/executive) member/s at the end of the order).**
- 6) If the number of candidates for membership in the Board is equal or less than the number of members of BOARD to be elected, then in this case all candidates can be elected by acclamation without resorting to the voting.
- 7) The independent candidates win their seats on the Board of Directors by acclamation (whatever the number of votes they obtained in the General Assembly), if their number is equal to/or less than the required minimum number of independent members (one third of the number of elected Board members).

V: Termination of a Board Membership

A)- The membership of a Board member shall be terminated in the following cases:

- 1) By the end of the Board term;
- 2) Its membership expires based on any law or instructions applicable in KSA;
- 3) Death (God forbid) or resignation;
- 4) If the General Assembly decided to exclude a member from the membership for any reason;
- 5) In case of a disease (God forbid), the member shall be suspended from work;
- 6) In case of a breach of trust or misconduct.
- 7) It is established that his/her membership in the Board was based on incorrect or misleading data or information provided by him/her when he/she was nominated for the membership of the Board.

However, the General Assembly may dismiss all or some of the members of BOARD. A Board Member may resign provided that this shall be at an appropriate time, otherwise, he/she shall be liable for any damages arising from his resignation.

The Assembly may also -upon the recommendation of the Board- terminate the membership of those who are absent for (3) consecutive Board meetings or (five) separate meetings during the term of Board membership without a legitimate excuse accepted by the BOD.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- A) Upon the termination of a Board Member for any reason of terminating the membership, the Company shall immediately notify the Authority and Capital Market, stating the relevant reasons.
- B) If a Board member resigns, and he has observations on the performance of the Company, he shall submit a written statement to the Chairman, and this statement shall be presented to all the Board Members.
- C) If a position of a Board member is vacant, the Board may appoint - temporarily - a Member for the vacant seat, provided that he/she has the required experience and competency. The Ministry and the Capital Market Authority shall be informed within the statutory period effective from the date of appointment; such appointment shall be referred to the General Assembly at its first meeting for approval. Consequently, the new member shall complete the term of his predecessor.
- D) The membership of the Board shall terminate upon the expiry of its term, or upon the expiry of the Member's validity thereto in accordance with any system or instructions in force in the Kingdom. However, the General Assembly may dismiss all or some of the Board Members, without prejudice to the dismissed Member's right towards the Company to be compensated if the dismissal occurred for an unacceptable reason or at an inappropriate time. A Member of the Board of Directors may retire, provided that this happens at an appropriate time; otherwise, he shall be liable to the Company for the damages resulting from the retirement.
- E) The Board of Directors shall call the General Assembly to convene, sufficiently before the end of its session, to elect a Board of Directors for a new term. If the election cannot be held and the current term of the Board ends, the members shall continue to perform their duties until the election of a Board of Directors for a new term, provided that the term of the Members of the expired Board does not exceed the period specified by the regulations.
- F) If the Chairman and Members of the Board of Directors retire, they must call the Ordinary General Assembly to convene to elect a new Board of Directors, and the retirement does not apply until the new Board is elected, provided that the term of the retired Board does not exceed the period specified by the regulations.
- G) A Member of the Board of Directors may resign from the membership of the Board by a written notification addressed to the Chairman of the Board, and if the Chairman of the Board retires, the notification must be directed to the remaining Members and the Secretary of the Board. Resignation is effective -in both cases- from the date specified in the notification.

VI: Obstacles to Independence (As it is in the Regulations issued by the CMA and related rules and regulations)

Unless the Nominations Committee considers otherwise, the businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that affect the independence of the board member which require an authorization from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

VII: Update & Amendment

- 1- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Regulation of the Remuneration and Compensation Policy for Members of the Board, Members of the Board Committees, and the Executive Management

May, 2023

Annex (3)

I: Remuneration of Board and Committees' Members

- a) Taking into account other relevant laws and regulations issued by other supervisory entities, the Board should take into consideration while determining and disbursing the remuneration allocated for its members, the relevant provisions contained in the Companies Law, Corporate Governance Regulations, and the Articles of Association of the Company, in addition to the following standards:
 - 1) Remuneration policy should be in line with the Company strategy and objectives.
 - 2) Remunerations shall be provided with the aim of encouraging the Board Members and Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance;
 - 3) Remuneration shall be determined based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.
 - 4) To be consistent with the magnitude, nature and level of risks faced by the Company.
- 5) Taking into consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensation.
 - 6) Remuneration shall be reasonably sufficient to attract, motivate and retain talented professionals and Board Members distinguished with appropriate competence and experience, while not exaggeration.
 - 7) Remuneration shall be based on the Nomination and Remuneration Committee recommendation and in coordination with the Nomination and Remuneration Committee in respect of new appointments.
 - 8) Remuneration shall be fair and commensurate with members' competencies, the business and responsibilities undertaken by the Board Members, in addition to the objectives set by the Board to be achieved during the fiscal year.
 - 9) Remunerations shall be commensurate with the Company activities and required competence to be managed.
 - 10) Take into consideration, the sector that the Company belongs to, its size and the Board expertise.
 - 11) Nomination and Remuneration Committee may regulate the grant of Company's shares to the Board Members and the Executive Management, whether newly issued or purchased by the Company.
 - 12) Taking into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a Member



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.

- b) The Board Members shall not be allowed to vote on the Board Members' remuneration item in the General Assembly meeting **(if this item is included in the agenda of the General Assembly Meeting)**.
- c) Board Members remuneration shall consist of an amount of 200,000 SAR (two hundred thousand SAR) for each Member in exchange for his/her membership in the Board and his/her participation in its business, including attendance, allowance and additional bonuses in the event of Member participation in the emanating Committees of the Board, and according to the provisions of Companies Law and its Regulations.
- d) Independent Board Members remuneration may not be based on a percentage of the profits that the Company shall earn, or directly or indirectly on the profitability of the Company.
- e) If the remuneration is a specific percentage of the Company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the law and the Company's Articles of Association, and after distributing a profit of no less than (1%) Of the Company's paid-up capital. Provided that the entitlement to such remuneration shall be commensurate with the number of meetings attended by the member, and otherwise it shall be void and null.
- f) In any case, should the total of financial or in-kind benefits and remuneration that a Board Member receives, does not exceed an amount of (500,000 SAR) annually, according to the controls decided by the competent authority.
- g) The Company may distribute interim profits dividends to its shareholders biannually or quarterly under an authorization provided by the General Assembly of the Board, renewed annually.
- h) The Ordinary General Assembly of the Company's shareholders has adopted in its meeting held on 20 April 2016, the Board Members and the emanating Committees attendance allowances, as follows:
 - 1- An amount of 3000 SAR is allocated to a Board Member for each Board meeting, he/she shall attend or participate in.
 - 2- An amount of 1500 SAR is allocated to a Subsidiary Committee Member for each Committee meeting, he/she shall attend or participate in.

II: Remuneration and Allowances of Audit Committee Members

- 1) Each **outside** Member of the Audit Committee shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed indemnities.
- 2) The attendance allowance of audit Committee meeting amounts to (SAR 1500) for each session (as approved in the Shareholders' Assembly Meeting dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members, and a specific amount for each hour spent by the Member outside the Committee meetings for relevant business, and an indemnity for actual expenses incurred for business related to carrying out his duties.
- 3) The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the Committee members.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

- 4) If the Committee Member or the Committee secretary is an employee of the Company or whosoever receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending Committee meetings above-mentioned.
- 5) A Board Member could have a remuneration for his membership in the audit Committee which formed by General Assembly, or for additional executive, technical, managerial or consultative positions -under professional license- assigned in the Company, in addition to his remuneration as a Member in the Board or its Committees, according to the Companies Law and the Company's Articles of Association. This shall mean hereby that the total remuneration of a Board Member that he/she shall obtain in return for his/her membership in the Audit Committee formed by the General Assembly or for any executive, technical, administrative, or advisory position- under a professional license - additional business or positions assigned to him/her at the Company shall not fall within the scope of the upper limit of remunerations (if there is a limit).

III: Additional Remunerations for the Board Member

A Board Member may receive a remuneration for his membership in the audit Committee, formed by the General Assembly, or for additional executive, technical, managerial or consultative positions -under professional license- assigned in the Company. In addition to his remuneration as a Member in the Board or its Committees according to the Companies Law and Company's Articles of Association.

IV: Remuneration Disparities of the Board Members

- A) Remunerations of the Board Members may be variable according to the member's experience, specialties, tasks assigned to him, independence, the number of attended sessions, and other considerations.
- B) Remunerations of independent Board Members should not be deducted from Company's dividends, i.e. Not be based directly or indirectly on the Company's profitability, in order to avoid linking such remunerations with the Company's performance or any other factors that could affect their independent decisions.
- C) To evaluate the Member's performance, the Nominations and Remuneration Committee submits its periodic report to the Chairman of the Board of Directors on the performance of each Member of the Board of Directors/Committee regarding the following:
 - 1- Extent of commitment to attend the BODs' Meetings
 - 2- Positive participation in the discussions and topics raised
 - 3- Submitting proposals that contribute to raising the level of the Company's performance
 - 4- Carrying out tasks assigned to him/her by the BODs
 - 5- The need to change/develop/retain the Member

V: Suspend and Reclaim Remunerations by the Company

- 1) If the General Assembly decided to terminate the membership of a Board Member because of his absence for three consecutive meetings or five separate meetings without an accepted excuse to the BOD, this



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Member will be deprived of any remunerations for the period following his/her last attended meeting. In addition, such Member has to pay-back all remunerations he received for that period.

- 2) If the audit Committee or the Authority discovered that the remunerations disbursed to any Board Member or Executive Management was based on incorrect or false information (provided to General Assembly or included in the Board annual report), such remunerations should be repaid to the Company. Moreover, the Company has the right to reclaim or suspend such remunerations, in order to prevent the abuse of power to obtain unmerited remunerations.
- 3) If the General Assembly of Shareholders did not approve the disbursement of the annual remunerations to Board/Committee Members for their membership, **(if this item is included in the agenda of the General Assembly Meeting)**, the Member who received such remuneration should repay it within (15) working days after the date of convening the General Assembly meeting. This will be in exchange for their Board Membership in the Fiscal year of the remunerations disbursing or suspending remunerations.

VI: Disclosure of Remunerations and Policies by the Company

The Board shall disclose -in the annual report- the details of policies related to remunerations, its identification mechanisms, amounts, benefits in kind and financial benefits paid for every Board Member (whether it is salaries, dividends, allowances for attendance, expenses, or any other benefits) for any executive, technical, managerial or consultative positions or works. In addition, this report should disclose the number of Board sessions that the Member attended after the last meeting of the General Assembly.

VII: Disbursement Method for Remunerations and Compensations for the Board Members

- 1) The annual remuneration for the Board Members (and outside Committee Members) can be disbursed for the Members in (4) installments: each at the end of the fiscal quarter, or biannually, or annually, or any other way appropriate to the Company's circumstances.
- 2) This regulation will be updated in accordance with any updates to the Company's Articles of Association and related statutory regulations.
- 3) If the compensations are in fact a salary for the Executive Board/Committee Member, it should be paid according to the payroll system.

VIII: Remunerations and Compensations of the Executive Management

Remuneration of Executive Management shall include:

1. Basic salary (paid monthly at the end of every calendar month)
2. Allowances include but not limited to housing and transportation allowances.
3. Medical insurance benefits for the employee and his/her family.
4. An Annual remuneration based on the KPI's as per the annual assessment.
5. Short-term incentive plans related to exceptional performance, and long-term incentive plans as stock options programs, if any.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

6. Other benefits include but not limited to, the annual leave, annual tickets, services of Airport Executive Offices, and End-of-service award according to Labor Law and human resources policy adopted in the Company.
7. The monthly salary, financial privileges and other benefits agreed upon contractually shall be paid in a manner that does not violate the internal regulations of the Company.

IX: Performance Evaluation of Senior Executives

The HR Department and the Financial Department submit to the Nominations and Remuneration Committee its periodic report on the performance of each senior executives regarding of the following:

- 1- Extent of compliance with the implementation of the Company's regulations and Board of Directors' decisions;
- 2- The results of the sector(s) he/she undertakes;
- 3- The number of initiatives he/she took that contributed to raising the level of the Company's performance;
- 4- Carrying out additional work on behalf of the CEO, the Board of Directors, or the Committee;
- 5- The need to change/develop/retain a senior executive.

X: Update & Amendment

- 5- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 6- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 7- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Part 8: Social Responsibility and Social Initiatives

Annex (4)

May, 2023

Article (72): Social Responsibility (For Guidance)

The General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and objectives of the community for purposes of developing the social and economic conditions of the community.

The aforementioned assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.

Article (73): Social Initiatives (For Guidance)

The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company. This includes the following:

- 1) Establish the indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;
- 2) Disclose the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;
- 3) Disclose plans for achieving social responsibility in the periodical reports on the activities of the Company's; and
- 4) Establish awareness programs to the community to familiarize them with the Company's social responsibility.

Article (74): Social Responsibility Definition

Social responsibility is defined as an ethical theory specific to any entity, whether organization or an individual, who has a duty to work for the benefit of community as a whole. Social responsibility is something that every organization or individual shall do to maintain a balance between the economy, the social system and the environment. Social responsibility also means ensuring that the Company adheres to the laws and ethical standards, in terms of the impact of the Company's activity on its staff, its investors, consumers, and on the environment and community as a whole. Social responsibility shall be understood as an investment in community rather than an act of charity.

Social responsibility is not only related to the size of financial donations, but rather to expenditures on sustainable social programs and projects that meet societal needs of the highest priority. There is a need for joint action by all the components of the local community that are influenced and affected by the program. It would be a mistake from the Company, in one direction, to impose its programs on the basis of generosity and charity and not as a duty, desire and interest that entail meeting the real needs of the local community. The purpose of social responsibility programs is to achieve harmony between the Company and the community in a framework that benefits everyone. In any case, the issues of poverty, unemployment, health and housing shall



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

represent a social, economic and security priority, and therefore these programs shall focus on them or at least any of them. If there are some of these necessary projects that require huge financial resources, it would be possible to cooperate with other companies in carrying out these projects.

Article 75: Corporate Social responsibility Policy and directions

The Company's social responsibility activities crystallize in 4 main directions and areas as follows:

Direction	Field
Employees	<p>1- Fitaihi Holding Group is one of the pioneers in providing job opportunities for Saudi girls, as it provided many job opportunities to a large number of Saudi girls and trained them in accounting, human resources, marketing and sales of jewelry and luxury goods products. Most of the branches are 100% operated by Saudi girls.</p> <p>2- We always provide training courses for employees by certified trainers, in various fields.</p> <p>3- We care very much about the human, psychological and health conditions of all employees of the Company.</p> <p>4- The Company has equipped a playing field for the employees near the employee's residence in Jeddah, and it also sponsors most of the sports tournaments in which the Company's employees participate.</p>
Customers	<p>1- We provide our customers with the finest products with reasonable prices at the highest levels of service.</p> <p>2- Our products also have the highest levels of safety, and do not affect the surrounding environment.</p>



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Society	<p>1- Charitable contributions and donations.</p> <p>2- The Company believes that its investment in medical projects is an ethical investment, one of its goals is to serve the society.</p> <p>3- Saudization in a manner that serves the interest of the Company, and in consistent with the statutory requirements.</p> <p>4- Respecting the human rights as stated in International Human Rights Laws, complying with the main rights stated in the Saudi Labor Law, and updating the internal regulations to comply with and fully adhere to these Regulations and Laws.</p>	
Environment, Safety, and Resource Rationalization	<p>1- Updating formulation equipment and using the best purification filters to reduce emissions as much as possible, to avoid any damage to the environment.</p> <p>2- Using means of rationalizing water consumption, while recycling water used in formulation.</p> <p>3- Insulating the walls of Fitaihi Center and the Group's headquarters to keep the buildings cool and minimizing the use of central air-conditioning equipment.</p> <p>4- Using motion sensors to light up electricity in the Group's headquarters building in Jeddah.</p> <p>5- Using energy-saving lamps in all Company buildings and branches.</p> <p>6- Recycling a large part of the Company's waste by referring to approved recycling centers.</p> <p>7- Focusing on the maintenance, cleaning and afforestation of the surroundings areas of the Company and its branches.</p>	



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

8- Providing permanent guidance and ensuring the compliance of all employees, especially workers in the maintenance department, to observe and take all safety measures during their work, with an emphasis on everyone following the health instructions in force in accordance with internal protocols.

The higher the Company's sales and profitability, the more direct the spending on the Company's social responsibility activities and directions.

After the shareholders approve the Company's social Responsibility Policy, it will be published on the Company's official website, and circulated by sending it via e-mail to employees and members of the BOARD.

IX: Update & Amendment

- 1- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

DISCLAIMER:

The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.

While reasonable efforts are made to provide an accurate English translation, some portions might be incorrect or inaccurate. Some items cannot be translated including but not limited to technical terms, graphic features, and photos. No liability is assumed by Fitaihi Holding Group for any errors, omissions, or ambiguities in the translation provided in this document. Any person or entity that relies on the translated content does so at their own risk. Fitaihi Holding Group shall not be liable for any losses caused by reliance on the accuracy or reliability of the translated information herein. The English translation is intended solely as a convenience to the non-Arabic-reading public and is not legally binding. If you would like to report a translation error or inaccuracy, we encourage you to please contact us: sh@fitaihi.com.sa