

The Regulatory Framework for Authorising a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account in Accordance with Paragraph (1) of Article (71) of the Companies Law

Authorisation Mechanism for Business and Contracts in which a Board Member has a Direct or Indirect Interest	
1.	<p>Business and Contracts that don't Require Authorisation</p> <ul style="list-style-type: none"> • The businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that require an authorisation 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.
2.	<p>Board of Directors' Authorisation (by a Delegation of Powers from the General Assembly)</p> <ul style="list-style-type: none"> • The Ordinary General Assembly shall have the right to delegate the authorisation powers stipulated in paragraph (1) of Article 71 of the Companies Law to the company's Board of Directors, provided that the delegation is in accordance with the following conditions: <ol style="list-style-type: none"> 1. The total amount of business or contract – or the total of the businesses and contracts during the fiscal year - is less than (1%) of the company's revenues according to the latest audited financial statements and less than 5 million Saudi Riyals. 2. The business or contract falls within the normal course of the Company's business. 3. The business or contract shall not include preferential terms to the Board members and shall be in accordance with the same terms and conditions followed by the company with all contractors and dealers. 4. The business or contract shall not be part of the business and consultation contracts which a board member carries out – by a professional license – for the company in accordance with Article 3 of the Regulatory Rules and Procedures Issued Pursuant to the Companies Law Relating to Listed Joint Stock Companies. • The board member shall be responsible for calculating the business, stipulated in paragraph (1) above, (in which he has an interest during the same fiscal year). • The period for the delegation shall be a maximum of one year from the date of approval by the General Assembly to delegate its powers, stipulated in paragraph (1) of Article 71 of the Companies Law, to the company's Board of Directors, or until the end of the session of the delegated Board of Directors. • Any member of the Board of Directors shall not be allowed to vote on the items of delegation and the revocation (in the Ordinary General Assembly). ▪ The Ordinary General Assembly shall have the right to add additional terms to the terms stated

		<p>in this Article, provided that such terms are included in the conflict of interest policy referred to in Article 43 of the Corporate Governance Regulations.</p>
<p>3.</p>	<p>The General Assembly's Authorisation</p>	<p>A <u>post</u> authorisation may be obtained from the Ordinary General Assembly on the business and contracts that are executed for the Company's account, and in which a board member has a direct or indirect interest. However, the Ordinary General Assembly's <u>prior</u> authorisation must be obtain at the fulfillment of any of the two following conditions in a business or contract:</p> <ol style="list-style-type: none"> 1. The business or contract is not within the company's normal course of business; or 2. The business or contract includes preferential terms. <p>The company may (despite the occurrence of any of the two conditions aforementioned) enter into the business or contract, provided that the business or contract are conditioned with the approval of the Ordinary General Assembly where the company will not face any impact or legal liability due to the non-approval of the ordinary general assembly of such business or contract.</p>

	<p>Indirect interest</p>	<ul style="list-style-type: none"> ▪ For the purposes of applying this framework, an interest shall be considered indirect if the business and contract made for the company may result in financial or non-financial benefits to, but not limited to, the following categories: <ol style="list-style-type: none"> 1. The relatives of the board member. 2. A partnership, limited partnership or limited liability company where any board member or any of his/her relatives is a partner in it or among its managers. 3. A joint stock company in which a board member or any of his/her relatives own (5%) or more of its total ordinary shares. 4. An entity - other than companies - in which a board member or any of his/her relatives has ownership or is managing it. 5. An entity or company where a board member or any of his/her relatives is a member of its Board of Directors or a senior executive. 6. A legal person represented by a board member.
	<p>Definition of the Term "Relatives"</p>	<p>The meaning of the term "Relatives" shall be as defined in Article 1 of the Corporate Governance Regulations:</p> <p>Fathers, mothers, grandfathers, grandmothers (and their ancestors), children, grandchildren (and their descendants), siblings, maternal and paternal half-siblings, husbands and wives.</p>