Board of Directors Charter

Article (1): Purpose

This Charter aims at organizing the work of the Board of Directors by specifying how the Board should undertake its roles and responsibilities, the functions of the Board's organizational structure and their functional mechanism in compliance with the Companies Law as well as the criteria, issued implementing regulation Companies Law with respect to the listed joint stock companies, the Corporate Governance Regulations issued by the Capital Market Authority, the Bylaws of the Company, the other relevant laws and the best corporate governance principles and practices

Article (2): Composition of the Board:

- The Company shall be managed by a Board of Directors consisting of seven (7) members to be appointed by the Ordinary General Assembly for three (3) years. They shall have the expertise required for managing the business of the Company.
- If the office of any Board Member becomes vacant, the Board of Directors may appoint a temporary member with the required experience and competency to fill the vacancy, provided that the Commercial Register and Capital Market Authority shall be notified with such temporary appointment during the period specified in the relevant laws and regulations. Such appointment shall also be presented at the first meeting of the Ordinary General Assembly, and the new Member shall complete the unexpired term of his/her predecessor. If the quorum for the Board meeting is not achieved because the number of the Board Members has fallen below the minimum number set forth in the Companies Law or SK Bylaws, the remaining Board Members shall call the Ordinary General Assembly to convene within the period prescribed in the relevant laws to elect the required number of Members.
- The Board of Directors shall appoint its Secretary who shall satisfy the conditions required in the secretary of the Board as specified in the Corporate Governance Regulations issued by the Capital Market Authority.

Article (3): Tasks and Responsibilities of the Board

The Board of Directors shall carry out its responsibilities in view of the relevant organizing provisions stipulated in the Companies Law, and related regulations, the and Company Bylaws including the following:

First: High-level Policies and Procedures

Setting out the policies ensuring compliance of the Company with the laws and regulations and enhancing its capabilities for growth and sustainability; overseeing the implementation of such policies and procedures and regularly reviewing them. Below are examples of such policies:

a. Setting out overall risk management policies and procedures and regularly reviewing them.
b. Setting out a clear policy on the distribution of dividends in a way achieving the interests of both the Shareholders and the Company.
c. Setting out a written policy that would regulate conflicts of interest and remedy any possible cases of conflict by members of the Board of Directors, executive management, and shareholders. This includes misuse of Company's assets and facilities and the arbitrary disposition resulting from dealings with related parties.
d. Setting out specific and explicit policies, standards and procedures, for the membership of the Board of Directors and putting them into effect after they are approved by the General Assembly.
e. Setting out a disclosure policy ensuring compliance of the Company with the rules regulating disclosure of material events.
f. Setting out a policy for the corporate social responsibility
g. Setting out a policy that regulates the relationship with stakeholders with a view to protecting their respective rights. In particular, such policy must cover the following:

1. Procedures to be followed by stakeholders for filing their complaints and reporting the violations and non-compliant practices.
2. Mechanisms for indemnifying the stakeholders in case that their rights are contravened under the law and their respective contracts.
3. Mechanisms for settlement of complaints or disputes that might arise between the Company and the stakeholders.
4. Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.
5. A code of ethics with rules of professional conduct for the Company's managers and workers compatible with the proper professional and ethical standards and regulating their relationship with the stakeholders. The Board of Directors shall set out procedures for supervising this code and ensuring compliance therewith.
6. Company's corporate social responsibility outreach.
7. Ensuring that the Company deals with the Board Members and related parties pursuant to the terms and conditions applicable to stakeholders without discrimination or favoritism.
8. Ensuring that Stakeholders have access to the information related to their activities in a way enabling them to perform their tasks, provided that such information is accurate, adequate and provided in a timely manner and on a regular basis.
9. Treating the employees of Company according to the principles of equality, fairness, and impartiality.

h. Specifying the authorities to be delegated by the Board to the Chief Executive Officer, the decision-making procedures, the delegation term and the executive management's mechanism of submitting reports to the Board on the exercise of delegated authorities.

i. Ensuring that procedures are in place for acquainting the new Board members with the business of the Company. The procedures shall include a comprehensive orientation/induction program for the new Board member and approval of Board members' continuing development program,
j. Setting out the necessary mechanism for annually evaluating the performance of the members of the Board, the committees emanating from the Board and the executive management
k. Setting out the necessary criteria and standards for verifying Board member's activities which would likely compete with Company activities.
l. Notifying the Ordinary General Assembly, once it convenes, with the competing activities performed by the Board member after the Board verifies that the Board member competes with the Company or competes in a branch of activities carried out by the Company.
m. Making recommendations to the Company on the standards and criteria of verifying the competition of the Board member with Company business or in a branch of activity performed by the Company.

Second: Internal Control Regulations:

a. Setting out, overseeing and annually reviewing the efficiency of internal control rules, regulations and criteria
b. Ensuring the integrity of the financial and accounting systems including the systems related to the preparation of the financial reports.
c. Preparing and approving the Company's interim and annual financial statements before they are published.

Third: Strategic plans and main objectives of the Company

a. Setting out and reviewing the Company's strategic plans, main objectives and total performance measurement standards and supervising their implementation.
b. Approving the main business plans and annual budgets and ensuring the availability of the human and financial resources required for implementing the Company's strategy and objectives.
c. Determining the optimum capital structure of the Company, its strategies and financial objectives, undertaking general supervision of the main capital expenses, owning assets and disposing of them.
d. Setting out and regularly reviewing the executive organizational structure enhancing the Company's ability to achieve its objectives.

Article (4): Authorities of the Board of Directors

Without prejudice to the competences of the General Assembly, the Company's Board of Directors shall have all the necessary powers and authorities for managing the Company. The ultimate responsibility for the Company rests with the Board even if it sets up committees or delegates some of its powers to a third party. The Board of Directors shall avoid issuing a generalized power of attorney or a power of attorney for an indefinite period.

Article 5: Powers delegated to the CEO

The Board of Directors shall delegate some of its authorities to the CEO to administer the day-to-day business of the Company, preside all Company employees and implement Company's policies and strategic plans. Such authorities shall be defined by virtue of an Authority Delegation Document to be approved pursuant to a resolution passed by the Board of Directors.

Article (6): Board Working Criteria

First: Competences of Board Chairman, Vice Chairman and Secretary:

a. The Chairman of the Board of Directors shall undertake the tasks set forth in applicable laws including the following:
   1) Leading the Board towards achievement of its objectives and enhancing its efficiency
   2) Representing the Company before judicial authorities and other official parties and signing on behalf of the Company
   3) Preparing the agenda of the Board meetings and ensuring participation by Board members and the CEO in identifying the topics to be discussed during the Board meetings and the dates for such meetings.
   4) Inviting for the Board meetings, presiding over such meetings and fixing the time and venue for meeting in coordination with Board members.
   5) Ensuring that the topics submitted for discussion by the Board are supported by sufficient information enabling the Board to act upon them and take appropriate decisions with respect thereto.
   6) Enhancing active participation by Board members in the Board meetings by enabling them to examine and discuss the topics listed on the agenda of the Board meetings and express their viewpoints in a way contributing to the achievement of the Company's objectives.
   7) Ensuring availability of ample time for discussing the items on the agenda of Board meeting.

8) Ensuring that members have easy access to the database of the Board's works including for example the topics previously submitted to the Board, the minutes of Board's meetings and the Board's previous resolutions.
9) Ensuring that Board's resolutions are based upon complete information.
10) Following up the implementation of the resolutions issued by the Board and overseeing the General Secretary's report on the implementation of such resolution.
11) Approving the draft resolution by circulation to the Board members in view of the provisions of Paragraph "Third" of this Article
12) Ensuring the existence of channels of communication with shareholders and conveyance of their viewpoints to the Board of Directors.
13) Assuring compliance with the Charter of the Board of Directors
14) Overseeing the required arrangements for conducting the periodic performance appraisal for the Board of Directors and the committees emanating from it.

b. In case of the absence of the Chairman of the Board of Directors, his roles shall be assumed by the Vice Chairman of the Board.
c. Below are the tasks and roles of the Secretary of the Board:
1) Setting out the annual plan of the Board's meetings and submitting it to the Board Chairman;
2) Submitting the agenda of Board's meetings held during the year to the Chairman in preparation for their approval by the Board of Directors
3) Notifying the Board members with the dates and timing of the Board's meetings and enabling them to be acquainted with the information related to these meetings using the means of modern technology that enhance the efficiency of the member's preparedness to the meetings of the Board.
4) Attending the Board's meetings and recording the deliberations by writing them down in Minutes of the Meeting which should be prepared based on the relevant statutory and regulatory provisions in the applicable laws.
5) Preparing the minutes of the Board's meetings and making the necessary arrangements for the Board's members to ensure easy accessibility by members to such minutes and related documents to express opinion on them before they are signed.
6) Verifying abidance of members of the Board of Directors by the procedures approved by the Board.
7) Ensuring coordination between the members of the Board of Directors.
8) Preparing the Board resolutions and ensuring their communication after they are approved by the Board.
9) Undertaking supervision of the record of disclosures and forms pertaining to the Board members and updating them regularly pursuant to the relevant legal requirements.
10) Reviewing compliance with the Charter of the Board of Directors and Board committees and submitting the findings of such review to the Board Chairman

11) Extending advice to the Board of Directors, its committees, or members thereof on the topics submitted in connection with the governance of the Board of Directors
12) Performing any other advisory tasks assigned by the Board or any of its committees.
13) Retaining all minutes, reports and other documents required to be retained in compliance with the relevant laws.

Second: Duties of the member of the Board of Directors

a. While a member of the Board of Directors is assuming his duties, he shall comply with the provisions of the Companies Law, the Capital Market Law, implementing regulations thereof, Bylaws of the Company and shall refrain from performing or participating in any act undermining the interests of the Company.
b. Providing proposals to develop the strategy of the Company.
c. Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.
d. Reviewing the reports on the performance of the Company
e. Verifying the integrity and impartiality of the Company's financial statements and information
f. Verifying the soundness of Company's financial control and risk management
g. Determining the appropriate level of the remunerations of senior executives and expressing opinion on the appointment and dismissal of executives
h. Participating in the development of executives' succession and replacement plans.
i. Studying and analyzing the information related to the topics to be considered by the Board before expressing opinion about them.
j. Enabling the other members of the Board to express their opinions freely and encouraging the Board to deliberate on the topics and seek expert opinions from the specialist executives and others whenever the need thereto arises.
k. Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses transacted and contracts concluded for the Company's benefit. 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 decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
l. 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.
m. Working on the basis of complete information, in good faith and with due care and diligence for the interest of the Company and all shareholders.

n. Being aware of the duties, roles and responsibilities of the Board of Directors and assigning enough time to assume such duties, roles, and responsibilities.
o. Assuming his roles and duties keeping himself away from any external influence, whether inside or outside the Company, and shall never serve his own interests at the expense of the interests of the Company.
p. Turning down any gifts from any person transacting business with the Company
q. 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. Showing due keenness on
r. attending the meetings and not to absent himself/herself from meetings except for objective justifications to be reported in advance to the Chairman or for urgent reasons acceptable to the Board of Directors.
s. Participating actively in the meetings of the Board by examining and discussing the topics on the agenda of such meetings.
t. Enhancing his/her knowledge on the organizational developments in the related fields and issues, roles and responsibilities of the boards of directors.
u. Enhancing his/her knowledge of the developments in the field of business activity of the Company and other relevant fields
v. Protecting the confidentiality of the information accessible by him/her and the documents reviewed by him/her and shall in no way divulge them to any person or third party, even in case of the elapse of his/her tenure, unless he/she is authorized thereto by the Board of Directors. Moreover, he /she shall never use any such information for attaining a personal gain for himself/herself, one his/her relatives or any third party. The Company shall have the right to claim compensation from him in case of violating the provisions of this Article.
w. Complying with the Charter of the Board of Directors
x. Resigning from the membership of the Board if he/she is unable to fully fulfill his/her duties in the Board.
y. Attending the General Assemblies and not absenting himself/herself from any such Assemblies without an excuse acceptable to the Board of Directors.

Third: Meetings of the Board of Directors

a. The Board shall hold at least four meetings per year, and no less than one meeting every three months, upon the invitation of its chairman. Moreover, the Chairman shall call the Board to convene upon a request from one of its members.
b. The Board shall approve the dates and agenda of the meetings to be held during a fiscal year before the start of the fiscal year. An invitation to the meeting shall be at least five (5) days prior to the date of the meeting. The invitation shall be accompanied by the agenda of the meeting and the necessary documents and information for discussing the topics on the agenda and taking action on them.

c. In exceptional cases and circumstances requiring an emergency meeting to be held, the invitation may be made five (5) days ahead of the date of meeting and the invitation shall be sent according to the procedures set forth in this Charter.
d. The Board of Directors shall meet at the Head Office of the Company and may also convene in a place other than Company Head Office if necessity thereto arises
e. The meeting of the Board shall not be valid unless it is attended by at least four (4) members including the Chairman or the Vice Chairman. In emergency cases acceptable to the Board of Directors, modern high tech means may be used for attending the Board meeting. A member may authorize another person to attend Board meetings on his behalf according to the criteria set forth in the relevant laws and regulations.
f. Resolutions of the Board shall be adopted by majority votes of the members present or represented in such meeting. In case of a tie, the vote of the meeting's Chairman shall be the casting vote.
g. In Urgent matters, the Board of Directors may adopt resolutions by way of passing to the members severally and in this case the resolution shall be enforceable only if unanimously adopted by all members unless a member requests in writing the Board to convene for deliberation in such matters. Such resolutions shall be presented to the Board of Directors in its next meeting.
h. Any member may raise objection to any resolution adopted by the Board and the details of such objection shall be explicitly documented in the Minutes of the Meeting along with the reasons and grounds of objection. Absence of such member from the meeting during which the resolution constituting the subject matter of objection has been issued does not relieve him/her from liability unless such member proves not to be aware of the resolution or if he cannot raise an objection as to the resolution after being aware thereof.

Fourth: Documenting the Meetings of the Board

a. Secretary of the Board shall prepare Minutes of Meetings to document Board meetings. The Minutes of Meetings shall include the following:
   1) Venue, date, starting and ending times of the meeting.
   2) Names of attendee and non-attendee members and names of non-member invitees for the meeting
   3) Deliberations and resolutions of the Board along with the voting results and reasons for objections, if any
   4) Specification of the prime party in charge of implementing the adopted resolution,
b. Secretary of the Board shall send the draft Minutes of the Meeting to the Board members who shall give remarks, if any, with respect to the draft minutes within a period not exceeding five (5) business days from the date of sending the draft Minutes to them.
c. After handling the members' remarks on the draft Minutes of Meeting and after approval by the Chairman of the meeting, the draft shall be re-sent to the Board members in preparation for approving the same during the next meeting of the Board and signed by all members present.

d. The deliberations and decisions of the Board of Directors shall be recorded in minutes prepared by the Secretary and signed by the Chairman of the meeting, the attending Board members, and the Secretary.
e. Modern high tech means may be used for signature, documentation of deliberations and registration of minutes.
f. Minutes of the meeting, along with the agenda and all accompanying documents, shall be kept in a special register to be signed by Board Chairman and Secretary.

Fifth: Following up the works of the Board

- Board Chairman or his authorized representative shall report the resolutions adopted by the Board to the party entrusted with the implementation of such resolutions inside the Company.
- Board Secretary shall brief the Chairman of the Board of Directors on the status of Board recommendations and resolutions so that they may be presented to the Board members on an annual basis.

Sixth: Assessing the works of the Board of Directors

The Board of Directors shall periodically appraise its performance. Performance appraisal elements shall include, for example, the extent of Board's efficiency in performing its tasks and achieving its objectives.

Article (7): Board Committees

First: Forming the Board Committees

a. The Board of Directors shall form committees emanating from the Board to assist it in performing its duties in an effective manner commensurate with the Company's needs, circumstances and type of business activities. The Board shall issue charters for the committees unless otherwise provided for by the relevant regulations. Such charters shall include their work criteria, procedures, rules for selecting their members, methods of nominating the members, as well as their tenures, remuneration and mechanism of appointing temporary members in case vacancies in committee memberships.
b. In its resolution on a committee composition, the Board shall specify the tasks and duration of the committee as well as the powers and authorities vested in the committee, its working criteria and its members' remuneration, provided that the formed committee shall consist of three members as a minimum and five members as a maximum. Capital Market Authority (CMA) shall be notified with the names and nature of membership of the committee members within five (5) days from the date of appointment and CMA shall be notified with any changes occurring in this respect within five (5) business days from the date of occurrence of such changes.

c. The Chairman of the Board of Directors may not be a member of the Audit Committee. However, he/she may be a member in the other Board's committees provided that he shall not be the chairman of the committee stipulated for in the Corporate Governance Regulations issued by CMA.
d. Every Board committee shall have a secretary to be appointed by the Board of Directors. The Board shall determine the remunerations and allowances received by each member.

Second: Following up the works of committees

a. The Board committees shall examine the issues and topics falling within their respective jurisdictions or referred to them by the Board and shall submit their recommendations to the Board to take action on them or to have action taken by the committee if so authorized by the Board.
b. The chairman of a committee shall submit the committee's recommendations and findings to the Board of Directors in the first Board meeting following the meeting of the committee.
c. Every committee shall be held responsible for its works before the Board
d. Every committee shall regularly assess the results of its work provided that the assessment elements shall include for example the extent of effectiveness of the committee in performing the tasks assigned to the committee.
e. Committees may seek assistance at the consent of the Board of Directors from the experts, specialists or others, as they deem appropriate for examining the issues falling under their respective competences, roles and responsibilities provided that the same shall be documented in the minutes of meeting of the committee along with the name of the expert and his/her relationship with the Company or the executive management.

Third: Committee Meetings

a. No Board member or executive management member other than the committee members may be entitled to attend the meetings of the committee except at the invitation of the committee to hear such executive management member's opinion or seek his advice.

b. The meetings of the committee shall be valid only if they are attended by the majority of its members. Resolutions of the Board shall be adopted by majority votes of the members present. In case of a tie, the vote of the meeting's chairman shall be the casting vote.

c. The committee shall meet at the Head Office of the Company. The committee may convene in a place other than Company Head Office at the consent of the Board of Directors, if necessity arises

d. Committee meetings may be held using modern high tech means.

Article (8): Training of Board Members

a. Board Chairman or his authorized representative shall undertake supervision over the orientation/induction program for new committee members with the assistance of the Board Secretary. The orientation programs shall cover the following items:

   1. Business activities and works carried out by the Company.
   2. Strategy and future objectives of the Company
   3. The organizational structure and of the Company and the roles and responsibilities of departments and functional units
   4. The financial and operational aspects of the activities and works of the Company.
   5. Board members' obligations, roles, responsibilities, and rights
   6. Roles and competences of the committees emanating from the Board.
   7. A visit to any factory of the Company and an affiliate of the Company.

b. Pursuant to the recommendation of the Remunerations and Nominations Committee, the Board of Directors shall set forth the continuing development program for the Board members on basis of the annual review of the required talents, skills and competencies. The Board shall also pinpoint the strengths and weakness in the Board and propose appropriate remedies in compliance with the requirements of changes in the external market environment, contemporary issues, and economic changes in line with the interests of the Company.

c. The Secretary shall undertake coordination of the training programs approved for the Board in cooperation with Corporate HR.

Article (9): Conflict of Interests in the Board of Directors

a. A Board member shall avoid cases leading to a conflict between his own self-interests and the interests of the Company. Conflict of interest means the existence of a direct or an indirect interest for any member in an item on the agenda of the Board of Directors that may have impact (or is believed to have impact) on the independence of the opinion of that member who is supposed to be expressing his opinion from a professional standpoint.
b. If there is a conflict of interests for any Board member in an item on the agenda of the Board, the member must disclose it before proceeding with the discussion of the item and this must be recorded in the Minutes of the Meeting. In this case, the member may not attend the discussion of the item constituting the subject matter of the conflict of interest nor may he participate in the discussion or the voting related to such item.
c. A Board member may not have a direct or an indirect interest in the contracts to be concluded in favor of the Company. Moreover, he/she may neither participate in any business that competes the Company nor compete with the Company in a branch of an activity carried out by the Company unless an annually renewable prior consent thereto is obtained from the Ordinary General Assembly

d. If a Board member is in default of disclosing his /her interest in the contracts concluded for the account of the Company, then the Company or any stakeholder may take the case to the competent judicial jurisdiction to invalidate the contract or oblige the member to pay any profit or interest gained from such contracts.
e. If a Board member fails to disclose his participation in any activity that may likely compete with the activities of the Company or trade in any branch of the activities of the Company, then the Company may claim appropriate compensation from the member before the competent judicial jurisdiction.
f. A Board member may not directly or indirectly benefit from or take advantage of any of the Company's assets, information or investment opportunities under consideration even if a resolution is taken not to proceed with such opportunities. Furthermore, a Board member may not benefit from such investment opportunities even after the termination of his membership by any means.
g. If a Board member proves to have benefited from investment opportunities, the Company or any stakeholder may bring the case before the competent judicial party to claim voidance of any work, profit or interest gained from such investment opportunities. Moreover, the Company may claim appropriate compensation.

Article (10): Remunerations of the members of the Board of Directors

1) A member of the Board of Directors is entitled to an annual remuneration compliant with the policy approved by the Company's General Assembly for the remuneration of the Board members, Board committees' members and senior executives
2) The Board of Directors shall determine the remunerations and allowances receivable by the Board Secretary.
3) In case that the General Assembly issues a resolution dismissing a Board member because of absence from three consecutive or five non-consecutive Board meetings within one year, such member is not entitled for any remuneration or compensation for the period following the latest meeting attended by him and he must return all remunerations and compensations paid to him for such period.
4) In case that a member commits an act infringing on honor and integrity, or in case that he commits forgery, or if he is in breach of the laws and regulations in Saudi Arabia or in any other country or if he is in default of carrying out his responsibilities and roles, thereby affecting the interests of the Company, the Company may claim compensation for the harm affecting its reputation and may also claim refunding of the remunerations, compensations paid to the member in addition to any costs incurred by the Company to enable the member to carry out his responsibilities and role

Article (11): Reviewing the Charter

This Charter will be subjected to periodic review for upgrading it and updating it in compliance with the relevant laws and regulations and as deemed appropriate by the Board of Directors.

Article (12): Enforcement

This Charter into effect as of the date of its approval by the Board of Directors.