



Corporate Governance Charter

Version 1.0

Document Control

Document Information

Information	
Document ID	UCA-CGC-1.0
Document Creator	Compliance
Creation Date	March 27, 2022
Last Review Date	
File Name	Corporate Governance Charter

Document History

Version	Issue Date	Changes
1.0	March 27, 2022	New Document

Document Ownership

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Chapter 1. Charter Introduction

1.1 Introduction

This Corporate Governance Charter (“the Charter”) defines the system of rules, practices and processes by which a firm is directed and controlled within United Cooperative Assurance (“UCA” or the Company”).

The Board of Directors (hereinafter referred to as the “Board”) and the Executive Management of the United Cooperative Insurance Company (hereinafter referred to as the “Management”) are committed to developing professional and administrative standards that are consistent with good business practices and norms. These regulations include standards for the Company’s governance policy and its strategic direction. The Company’s required culture and the main guiding principles followed at the core of the Company’s functional areas.

This document reflects the main guiding principles issued by the Capital Market Authority on corporate governance in general. In addition, the document includes the basic corporate governance rules for listed companies, reporting and disclosure requirements imposed in the Capital Market Law and the regulations related thereto.

This regulation provides a clear and precise definition of the standards, principles and policies referred to above, which shall be read in conjunction with the detailed policies and procedures specified for the various functional areas for the smooth and accurate implementation of these standards and policies.

1.2 Purpose

- The relationship between the Board, Executive Directors, shareholders and stakeholders are clearly regulated and their interests are protected.
- The decision-making process is facilitated and carried out in a transparent and credible manner with the objective to protect the rights of shareholders and stakeholders and achieving fairness, competitiveness, and transparency.
- UCA’s compliance with applicable governance regulations is ensured and the governance framework is revised and updated pursuant to statutory requirements and best practices.
- UCA can manage its business and operations prudently and in accordance with applicable laws and regulations; and

1.3 References

- Implementing Regulations for Cooperative Insurance Companies Oversight System.
- The main guiding rules for corporate governance issued by the Saudi Arabian Monetary Agency.
- The Capital Market Law and the Corporate Governance Guiding Regulations issued by the Capital Market Authority (the Corporate Governance Regulations in the Kingdom of Saudi Arabia) and the relevant amended rules and regulations
- The Articles of Association of the United Cooperative Insurance Company
- A set of unified laws and rules on Corporate Governance

1.4 Goals

- Activating the role of shareholders in the Company and facilitating their rights.
- A statement of the functions of the Board of Directors and the executive management and their responsibilities.
- Activating the role of the Board of Directors and committees and developing their efficiency to enhance decision-making mechanisms in the Company.
- Achieving transparency, integrity and fairness in the financial market, its transactions, and the business environment, and promoting disclosure therein.
- Providing effective and balanced tools to deal with cases of conflict of interest.
- Strengthening the mechanisms of control and accountability for the employees of the Company.

- Setting the general framework for dealing with stakeholders and taking into account their rights.
- Increasing the efficiency of supervising companies and providing the necessary tools for that.
- Raising companies' awareness of the concept of professional behavior and urging them to adopt and develop it in a manner that suits their nature.

1.5 Definitions

- **The Company:** It is the United Cooperative Insurance Company.
- **Articles of Association:** The Articles of Association of the United Cooperative Insurance Company.
- **Governance Regulations:** They are the Corporate Governance Regulations issued by the Saudi Arabian Monetary Agency and the Board of the Capital Market Authority.
- **Companies Law:** The Companies Law issued by the Ministry of Commerce. **Financial Market Law:** It is the financial market law.
- **Authority:** It is the Financial Market Authority.
- **Market:** The Saudi Stock Exchange.
- **Board of Directors:** It is the Company's Board of Directors recognized under the regulations in force in the Kingdom of Saudi Arabia.
- **Chairman of the Board of Directors:** A non-executive member of the Board elected by the Board to chair its meetings and organize its work. **Sub-Committees:** The committees emanating from the Board of Directors.
- **Committees:** The committees emanating from the Board of Directors.
- **Chief Executive Officer:** The highest official in the Company's senior executive management, who is responsible for the day-to-day management of the Company, regardless of the job title.
- **Affiliated Company:** Any Company (or a Company from a group of companies that the institution may consider as a single unit) owns five percent or more of the capital of the insurance and/or reinsurance Company, or the Company that owns the insurance and/or reinsurance Company (on its own or jointly with a group of companies that the Corporation may consider it a single unit (five percent or more of its capital)
- **Relatives:** They are the family members of the father, mother, husband, wife and children, or those who have a business relationship that would influence the decision taken, and any of the institutions in which any member of the Board of Directors owns more than 5%.

Relatives or Consanguinity:

- Fathers, mothers, grandfathers, grandmothers, even if they are older.
 - Boys, and their children, even if they go down.
 - Brothers and sisters, whether siblings of half siblings.
 - Husbands and wives.
- **The Company's Governance:** It is the rules for the leadership and direction of the Company which includes mechanisms to regulate the various relations between the Board of Directors, executive Directors, shareholders and stakeholders by setting special rules and procedures to facilitate the decision-making process and to impart transparency and credibility thereto in order to protect the rights of shareholders and stakeholders and achieve justice, competitiveness and transparency in the market and business environment

Governance is the optimal system through which the Company is managed and controlled, and as a result, the authorities and responsibilities are distributed among the various participants in the Company, such as the Board of Directors, Executive Management, shareholders and stakeholders. This system clarifies the rules, policies, and procedures related to the Company's affairs, and provides the institutional framework and organizational structure that clarifies the Company's goals, means of achieving them, and monitoring performance. The Board of Directors shall be responsible for the rules of governance.

The role of the shareholders in governance is to appoint the members of the Board of Directors and the auditor and to ensure the efficiency of the governance system, while the responsibility of the Board of Directors is to set strategic goals for the Company, provide leadership that works to implement them,

supervise the management of the Company and prepare reports for shareholders about their management in the Company. The work of the Board of Directors is subject to the rules and regulations, the Company's articles of association, and the oversight of shareholders in the Company's general assembly.

- **Shareholders' Assembly:** It is an assembly formed by the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
- **Executive Member:** He is a member of the Board of Directors who is full-time in the Executive Management of the Company and participates in its daily business.
- **Non-Executive Member:** He is a member of the Board of Directors who is not dedicated to managing the Company and does not participate in its daily business.
- **Independent Member:** He is a non-executive member of the Board of Directors who enjoys complete independence in his position and decisions, and no obstacles to independence apply to him.
- **Obstacles of independence:** The independent member of the Board of Directors shall be able to exercise his duties, express his opinions and vote on decisions objectively and impartially, which helps the Board of Directors to take sound decisions that contribute to achieving the interests of the Company. The Board of Directors shall conduct an annual evaluation of the extent to which the independence of the member has been achieved and to ensure that there are no relationships or circumstances that affect or may affect him, that contradict the independence required for an independent member of the Board of Directors, including but not limited to the following: 1. To own five percent or more of the Company's shares, or of the shares of another Company in its group, or is related to the person who owns this percentage.

To be a representative of a legal person who owns five percent or more of the Company's shares or of the shares of another Company from its group.

- To be related to any of the members of the Board of Directors in the Company or in another Company of its group.
- To be related to any of the senior executives of the Company or any other Company of its group.
- To be a member of the Board of Directors in another Company from the group of the Company nominated for membership in its Board of Directors.
- To work or have worked as an employee during the past two years for the Company or any party dealing therewith or another Company of its group, such as auditors and major suppliers, or to have been the owner of controlling shares with any of those parties during the past two years.
- To have a contractual or commercial relationship with the Company (whether directly or through an entity in which he is a major shareholder, a member of its Board of Directors or a manager) that entails paying or receiving an amount from the Company equal to the value of 250 thousand Saudi riyals (other than the amounts related to contracts Insurance and remunerations to which the member is entitled for his membership in the Board of Directors (during the last two years).
- To receive sums of money from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of SR 200,000 or 50% of his remuneration in the previous year that he received in return for membership in the Board of Directors or any of its committees, whichever is less.
- To have spent more than nine consecutive or separate years as a member of the Company's Board of Directors.
- To participate in a business that is relevant to us - the same as the Company, or to trade in one of the branches of the Company's activity.
- To have a financial obligation towards the Company or any of its Board members or senior management in a way that could affect his ability to rule and take decisions with complete independence.
- **Executive Management:** They are the persons who are entrusted with managing the Company's daily operations and proposing and implementing strategy decisions, such as the CEO, his deputies and the financial manager. Desirable Practices: They are the additional non-binding measures. But it helps strengthen the implementation of the core principles in each item.
- **Related Parties:**
 - Major shareholders in the Company.
 - Board members of the Company or any of its subsidiaries and their relatives.
 - Senior executives of the Company or any of its subsidiaries and their relatives.

- Board members and senior executives with major shareholders in the Company.
 - Establishments - other than companies - owned by a member of the
 - Board of Directors or one of the senior executives or their relatives.
 - Companies in which any of the members of the Board of Directors or the chief executives or their relatives is a partner.
 - Companies in which any of the members of the Board of Directors or senior executives or their relatives is a member of its Board of Directors or one of its senior executives.
 - Joint stock companies in which any of the members of the Board of Directors or senior executives or their relatives owns 5% or more, taking into account what is stated in paragraph (4) of this definition.
 - Companies in which any of the members of the Board of Directors, senior executives, or their relatives influence their decisions, even if they are given advice or guidance.
 - Any person whose advice and guidance influence the decisions of the Company, members of the Board of Directors and its senior executives.
 - Holding companies or subsidiaries of the Company. Advice and directions that are professionally provided by a person authorized to do so are excluded from paragraphs (9) and (10) of this definition.
- **Group:** In relation to a person, means that person and each of its subordinates. Affiliate: A person who controls another person, is controlled by that other person, or is jointly controlled by that other person by a third person. In any of the above, control is direct or indirect.
 - **Stakeholders:** Everyone who has an interest with the Company, such as employees, payers, customers, suppliers, and the community.
 - **Major Shareholders:** Natural or legal persons who control, directly or indirectly, alone or jointly with others, five percent or more of the Company's capital.
 - **Cumulative Voting:** It is a voting method for selecting members of the Board of Directors that gives each shareholder voting power according to the number of shares he owns; so that he has the right to vote for one candidate or to divide it among the candidates he chooses without repeating these votes.
 - **Controlling Share:** The ability to influence the actions or decisions of another person, directly or indirectly, from an individual or a community with a relative or dependent, through owning 30% or more of the voting rights in a Company or the right to appoint 30% or more of the members of the Administrative Apparatus.
 - **Administrative Apparatus:** the group of individuals who make strategic decisions for a person. The Company's Board of Directors is its Administrative Apparatus thereof. Rewards: They are the amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other benefits in kind, excluding reasonable actual expenses and costs incurred by the Company on behalf of a member of the Board of Directors for the purpose of performing his work.

1.6 Record Retention

UCA will keep and preserve all the minutes, documents, reports and other documents that are required to be kept according to the company governance regulation at the Company's head office for a period of no less than ten (10) years, and that this includes the report of the Board of Directors and the report of the Audit Committee. Without prejudice to this period, the company, in the event of a lawsuit, including any existing or threatened lawsuit or claim and any existing investigation procedures related to those minutes, documents, reports or documents, shall keep them until the end of that lawsuit, claim or existing investigation procedures.

1.7 Review and approval

The Board shall review the Company's Corporate Governance Policy/Charter at least on an annual basis and that it will be presented to the Company's next general assembly for approval. All amendments must be submitted to SAMA within twenty one (21) working days from the date of the amendment.

It shall be endorsed by the Audit Committee annually to confirm if there are / there are no changes in the Company's policy that require review and amendment of the regulation. The statutory controller and the internal auditor shall notify the Audit Committee of any changes that may occur in the Company's policy or any other statutory changes that require reviewing the contents of this document.

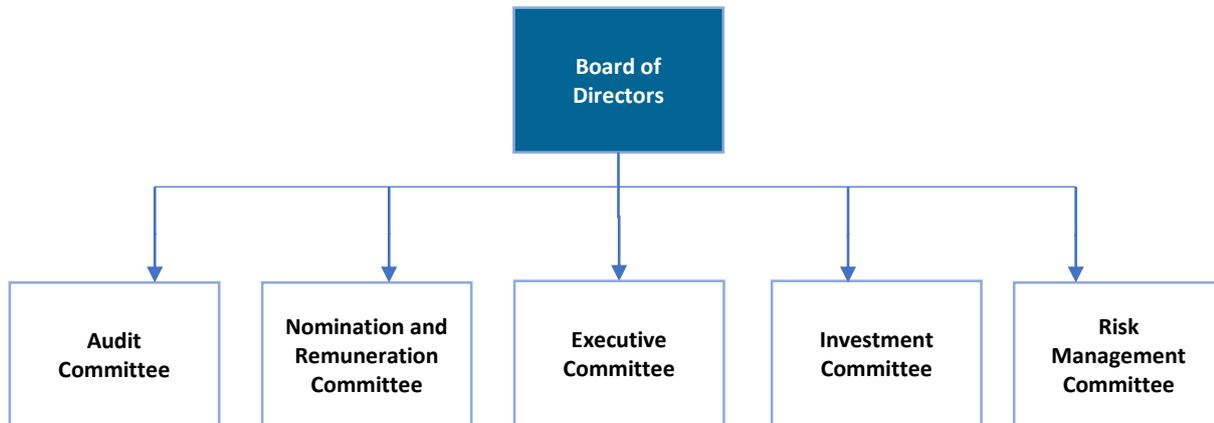


1.8 Compliance

The Company shall comply with the rules, regulations and circulars issued by SAMA, CMA and the applicable laws and regulations in the Kingdom.

Chapter 2. Corporate Governance Structure

UCA's Corporate Structure comprises of Board of Directors and 5 Board Committees shown below:



2.1 Board of Directors

The Board of Directors plays a central role in the UCA's corporate governance framework. The Company's Board shall be responsible for effective implementation of good corporate governance practices in the organization.

The Board shall be responsible for guiding and setting the Company's strategy and business priorities, including its annual financial and business plan, as well as, guiding and controlling its managerial performance. It shall act in the interests of the Company, protects the rights of all shareholders, oversee the work of the Company's executive management, as well as the systems of financial control in the organization. The Board shall appoint a Chairman, a Vice chairman and may appoint a Managing Director of its members. *(Refer Appendix I for detailed roles and responsibilities and duties of the Committee specified in the Board of Directors Charter)*

2.2 Audit Committee

The Audit Committee is responsible for oversight of the financial reporting and disclosure process. The Committee works closely with auditors to ensure that company's books are correct and that no conflicts of interest exist between auditors or any outside consulting firms employed by the company. *(Refer Appendix II for detailed roles and responsibilities and duties of the Committee specified in the Audit Committee Charter)*

2.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee (Committee) established by the Board shall assist it in fulfilling its responsibilities relating to the size and composition of the Board and Board Committees and the remuneration. *(Refer Appendix III for detailed roles and responsibilities and duties of the Committee specified in the Nomination and Remuneration Committee Charter)*

2.4 Executive Committee

The Executive Committee is responsible to monitor the performance of the business, financial targets and forecast on an ongoing basis before they are presented to the Board for approval. Executive Committee will review the strategies and objectives of the business and acts as a "bridge" between the Board and the management. *(Refer Appendix IV for detailed roles and responsibilities and duties of the Committee specified in the Executive Committee Charter)*

2.5 Investment Committee

The Investment Committee is responsible to be in charge of submitting recommendations to the Board about all the issues related to the investment such as the Company's investment policy and assets distribution plans. The Committee shall be authorized to issue resolutions connected to investments within the context of the Company investment policies and assets distribution plans endorsed by the board. The committee shall also be responsible

for the supervision of the investment portfolio performance. *(Refer Appendix V for detailed roles and responsibilities and duties of the Committee specified in the Investment Committee Charter)*

2.6 Risk Management Committee

The Risk Management Committee is responsible for establishing reliable procedures for the identification and assessment of risks and provide shareholders and investors with relevant information in this area. *(Refer Appendix VI for detailed roles and responsibilities and duties of the Committee specified in the Risk Management Committee Charter)*

Chapter 3. Shareholders Rights

3.1 General Policy

The Company's shareholders are given all rights attached to their shares, particularly, the right to a share of the earnings, the right to a share of the Company's assets at the time of liquidation, the right to participate in the General Assembly, and take part in discussions and vote on relevant decisions.

The Company ensures all available steps to encourage minority shareholders and non-institutional shareholders to fulfill their roles as shareholders of the Company. The Company's Articles of Association and bylaws Company specify the procedures and precautions that are necessary for the shareholders' exercise of all their lawful rights.

3.2 Fair Treatment to shareholders

- The Board of Directors shall protect the rights of shareholders in a way that guarantees justice and equality among them
- The Company's Board of Directors and Executive Management are committed not to discriminate between shareholders who own the same class of shares, and not to withhold any rights from them
- The Company sets out in its internal policies the necessary procedures to ensure that all shareholders exercise their rights

3.3 Shares related rights

The shareholder shall have all rights attached to the share, especially the following:

- Obtaining a share of the net profits to be distributed in cash or by issuing shares
- Obtaining a share of the Company's assets upon liquidation
- Attending public or private shareholder assemblies, participating in their deliberations, and voting on their decisions
- Disposing of his shares in accordance with the provisions of the Companies Law and the Capital Market Law and their implementing regulations
- Inquiries and requests to view the Company's books and documents, including data and information related to the Company's activity and its operational and investment strategy in a way that does not harm the interests of the Company and does not conflict with the Companies Law and the Capital Market Law and their implementing regulations
- Monitoring the performance of the Company and the work of the Board of Directors
- Accountability of the members of the Board of Directors and filing a liability suit against them and appealing the invalidity of the decisions of the general and private shareholders' assemblies in accordance with the conditions and restrictions contained in the Companies Law and the Company's Articles of Association
- Priority for subscribing shall be given to new shares issued in exchange for cash shares, unless the extraordinary general assembly suspends the priority right if this is stipulated in the Company's articles of association in accordance with Article 140 of the Companies Law
- Registering his shares in the Company's shareholder's register
- Request to see a copy of the Company's articles of incorporation and articles of association unless the Company publishes them on its website. ☐ Nomination and election of Board members
- Nominate and elect the Board members

3.4 Shareholders Access to Information

- The Board shall provide complete, clear, correct and not misleading information to enable the shareholder to exercise his rights to the fullest extent. This information shall be provided in a timely manner and shall be updated regularly

- The means of providing information to the shareholder shall be clear and detailed and include a statement of the Company's information that the shareholder can obtain and be made available to all shareholders of the same category
- The most effective means shall be followed in communicating with shareholders and not discriminating between them in providing information.

3.5 Communications with Shareholders

- The Board of Directors ensures the achievement of communication between the Company and the shareholders that is based on a common understanding of the Company's strategic objectives and interests
- The Company will provide shareholders with comprehensive, adequate, accurate, and timely information to enable them to exercise their rights efficiently and ensure that all shareholders receive equitable treatment
- The Company will enable shareholders to be briefed on the minutes of the General Assembly
- The method used to provide information to the shareholders will be clear and detailed and will include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.
- The Chairman and Chief Executive Officer shall inform the rest of the Board of Directors of the views of the shareholders and discuss them in this regard
- Any of the shareholders shall not interfere in the work of the Board of Directors or the work of the Executive Management of the Company unless he is a member of its Board of Directors or its Executive Management, or if he is interfering through the ordinary general assembly and in accordance with its terms of reference or within the limits and conditions authorized by the Board of Directors
- Shareholders will be granted the opportunity to communicate their opinions and concerns to the Board and Senior Management on a regular basis (e.g. through the general assembly)

3.6 Dividend Distribution

- Avoiding 20% of the profits to form the statutory reserve for the Company. The Ordinary General Assembly may stop this set-up when the said reserve reaches 100% of the paid-up capital
- The Ordinary General Assembly may decide, based on the proposal of the Board of Directors, to set aside a certain percentage of the net profits to form a consensual reserve allocated to support the financial position
- The Ordinary General Assembly may decide to create other reserves to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders
- Avoid the prescribed zakat and income tax
- The shareholder is entitled to his/her share of the profits in the form of Dividends in accordance with the decision of the General Assembly issued in this regard. The decision indicates the maturity date and the distribution date. The eligibility of profits shall be given to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement. The Company will inform the Capital Market Authority without delay of any decisions to distribute profits or to recommend this, and the profits shall be paid so as to be distributed to shareholders at the place and dates determined by the Board of Directors in accordance with the instructions issued by the competent authority, taking into account the prior written approval of the Saudi Arabian Monetary Agency

3.7 General Assembly Meeting

Shareholders' general assemblies are responsible for all matters related to the Company. The general assembly held in accordance with the statutory procedures represents all shareholders in exercising their competencies related to the Company and performs its role in accordance with the provisions of the Companies Law and its implementing regulations and the Company's articles of association. The Company will announce on the Exchange's website information about the nominees for the membership of the Board which will include the nominees' experience, qualifications, skills and their previous and current jobs and memberships before calling for the General Assembly.

3.8 General Assembly Agenda

- The Board of Directors, when preparing the agenda for the General Assembly, shall take into consideration the topics that shareholders wish to include. Shareholders who own at least 5% of the Company's shares may add one or more topics to the agenda of the general assembly when it is prepared.
- The Board of Directors shall single out each of the topics listed on the agenda of the General Assembly in a separate item, and not combine the fundamentally different topics under one item, and shall not put the business and contracts in which the members of the Board have a direct or indirect interest in one item; for the purpose of obtaining a shareholder vote on the item as a whole.
- Shareholders, through the Company's website and the market's website, shall be able to obtain information related to the agenda items of the general assembly, especially the report of the Board of Directors, the auditor, the financial statements, and the audit committee's report. This is to enable them to make an informed decision. The Company shall update this information in case the agenda of the General Assembly is amended.
- The Authority may add any topics it deems appropriate to the agenda of the General Assembly.

3.9 Extraordinary General Assembly

Extraordinary general Assembly is responsible for:

- Amending the Company's articles of association, with the exception of the amendments that were deemed invalid according to the provisions of the companies' bylaws.
- Increasing the Company's capital in accordance with the conditions established in the Companies Law and its implementing regulations.
- Reducing the Company's capital if it exceeds the Company's need or if it suffers financial losses, according to the conditions established in the Companies Law and its implementing regulations.
- A report on the formation of a consensual reserve for the Company stipulated in its articles of association and allocated for a specific purpose, and its disposal.
- Determining the continuation or dissolution of the Company before the term specified in its articles of association.
- Approval of the purchase of the Company's shares.
- Issuance or approval of purchase of preferred shares, conversion of ordinary shares into preference shares, or conversion of preferred shares into ordinary shares based on a provision in the Company's articles of association and in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
- Issuance of debt instruments or financing instruments that are convertible into shares, and an indication of the maximum number of shares that may be issued against these instruments.
- Allocating the shares issued upon the capital increase or part thereof to the employees of the Company and its subsidiaries or some of them, or any of that.
- Suspending the right of priority for shareholders to subscribe to increase the capital in exchange for cash shares or giving priority to non-shareholders in the cases it deems appropriate in the interest of the Company, as stipulated in Article Thirteen of the Company's articles of association.

The Extraordinary General Assembly may issue resolutions within the competences of the Ordinary General Assembly, provided that such decisions are issued in accordance with the conditions for issuing the Ordinary General Assembly resolutions specified by an absolute majority of the shares represented in the meeting.

3.10 Ordinary General Assembly

Except for the competence of the Extraordinary General Assembly, the Ordinary General Assembly is responsible for all the affairs of the Company, especially the following:

- The ordinary general assembly of shareholders is held in accordance with the conditions and circumstances stipulated in the Companies Law and its implementing regulations and the Company's articles of association.

- In accordance with Article Twenty-eighth of the Company's articles of association, the ordinary general assembly shall be held at least once a year during the six months following the end of the Company's financial year.
- Appointing and removing members of the Board of Directors.
- Permission for a member of the Board of Directors to have a direct or indirect interest in the business and contracts that are made for the Company's account, in accordance with the provisions of the Companies Law and its implementing regulations.
- Permission for a member of the Board of Directors to participate in any business that would compete with the Company, or to compete with the Company in one of the branches of the activity that it engages in, in accordance with the provisions of the Companies Law and its Implementing Regulations.
- Monitoring the compliance of the members of the Board of Directors with the provisions of the Companies Law and its executive regulations and other relevant regulations and the Company's articles of association, and examining any damage arising from their violation of these provisions or mismanagement of the Company's affairs, determining the liability arising therefrom, and taking what it deems appropriate in this regard in accordance with the Companies Law and its implementing regulations.
- Forming an audit committee in accordance with the provisions of the Companies Law and its implementing regulations.
- Approval of the Company's financial statements.
- Approval of the report of the Board of Directors.
- Deciding on the proposals of the Board of Directors regarding the method of distributing net profits.
- Appointing the Company's auditors, determining their remuneration, re- appointing them, changing them, and approving their reports.
- Looking into the violations and errors that occur from the Company's auditors in the performance of their duties, and any difficulties notified by the Company's auditors related to enabling the Board of Directors or the Company's management for them to access the books, records and other documents, data and clarifications necessary to perform their tasks, and take what it deems appropriate in that matter.
- Stop setting aside the Company's statutory reserve when it reaches 30% of the Company's paid-in capital and decide to distribute what exceeds this percentage to the Company's shareholders in the fiscal years in which the Company does not achieve net profits.
- Using the Company's consensual reserve in the event that it is not allocated for a specific purpose, provided that the use of this reserve is based on a proposal from the Board of Directors and in ways that benefit the Company or shareholders.
- Form other reserves for the Company, other than the statutory reserve and the conventional reserve, and dispose of them.
- Deductions from the Company's net profits to establish social institutions for the Company's employees, or to assist existing ones, in accordance with Article one hundred and twenty-nine of the Companies Law.
- Approval of selling more than 50% of the Company's assets, whether in one transaction or several transactions, within twelve months from the date of the first sale transaction. In the event that the sale of these assets includes what falls within the competencies of the extraordinary general assembly, the approval of the extraordinary general assembly shall be obtained.

3.11 Shareholders Assembly

- Shareholders' general or special assemblies are held at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law and its Executive Regulations and the Company's Articles of Association. The Board of Directors shall invite the Ordinary General Assembly to a meeting if requested by the auditor, the audit committee, or a number of shareholders whose ownership represents 5% at least of the Company's capital. The auditor may call the assembly to convene if the Board of Directors does not call it within thirty days from the date of the auditor's request.

- The date, place and agenda of the general assembly must be announced at least twenty-one days before the date, and the invitation shall be published on the market's website and the Company's website and in a daily newspaper distributed in the area where the Company's head office is located. In addition, the Company may invite the general and private assemblies of its shareholders by means of modern technology.
- The Company may amend the agenda of the general assembly during the period between the publication of the announcement and the date of the assembly, provided that the Company announces that in accordance with the established conditions.
- Shareholders shall have the opportunity to actively participate and vote in the General Assembly meetings. Meetings of the general assemblies of shareholders may be held and the shareholder may participate in their deliberations and vote on their decisions by means of modern technology, in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for Listed Shareholding Companies.
- Shareholders will be granted the opportunity to communicate their opinions and concerns to the Board and Senior Management on a regular basis
- The Board of Directors works to facilitate the participation of the largest number of shareholders in the meeting of the General Assembly, including choosing the appropriate place and time.
- The Company shall verify the registration of the data of the shareholders wishing to attend at the Company's head office before the time specified for the assembly, unless the Company's articles of association provide for another means.

3.12 Management of the Shareholder's Assembly

- The meetings of the general assemblies of shareholders are chaired by the Chairman of the Board of Directors or his deputy in his absence, or whoever is delegated by the Board of Directors from among its members for this in the absence of the Chairman and Vice-Chairman.
- The Chairman of the shareholders' assembly shall provide the shareholders with the opportunity to actively participate and vote in the meetings of the general assembly, and it shall establish any procedure that leads to impeding the attendance of the assemblies or the use of the right to vote. They shall be informed of the rules governing the work of such meetings and the voting procedures.
- Shareholders have the right to discuss the topics included in the agenda of the General Assembly and to direct questions about them to the members of the Board of Directors and the auditor. These questions shall be answered to the extent that the interest of the Company is not jeopardized.
- Shareholders shall be able to view the minutes of the general assembly meeting, and the Company shall provide the Authority with a copy thereof within ten days from the date of the meeting.
- The Company shall announce to the public and notify the Authority and the market in accordance with the controls set by the Authority with the results of the General Assembly immediately upon its conclusion.

3.13 Voting Rights

- Voting is considered one of the fundamental rights of the shareholder, and according to Article 34, each shareholder has a vote for each share in the General Assemblies, with the obligation to use the cumulative vote in electing the Board of Directors, which relate thereto directly or indirectly.
- Voting in the General Assembly will be confined to the Board nominees whose information has been announced on the website prior to scheduling a General Assembly meeting
- In accordance with Article 25 of the Company's Articles of Association, the shareholder may participate in voting on decisions of the general assembly's using modern technologies, according to the controls set by the competent authority.
- The decisions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting, while the decisions of the Extraordinary General Assembly are issued by a two-thirds majority of the shares represented in the meeting, unless it is a decision related to increasing or decreasing the capital, extending the Company's term, or dissolving it before the expiry of the period specified in the articles of association or its incorporation into the Another Company, the decision will not be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

3.14 Shareholder Complaints and information Request Management

- The Company shall establish mechanisms for recording, managing and resolving shareholder grievances and providing other information requested by the shareholders
- The Board shall keep itself abreast of shareholder grievances and shall approve related disclosures to concerned regulatory authorities, as appropriate
- The Company's Senior Management shall keep itself abreast of shareholder grievances and ensure that such grievances are resolved on a timely basis, as appropriate.

Chapter 4. Internal Control

The Board of Directors shall adopt the internal control system to evaluate the policies and procedures related to risk management, apply the Company's governance provisions approved by the Company, and adhere to the relevant laws and regulations. The Board of Directors shall ensure that such system includes clear standards of responsibility at all executive levels in the Company, and the transactions of the relevant parties shall be carried out in accordance with their own provisions and controls.

4.1 Establishment of independent departments in the Company

The Company has established departments for risk evaluation and management and internal audit, and the Company may seek the assistance of external parties to carry out the duties and competencies of units or departments of risk evaluation and management and internal audit, without prejudice to the Company's responsibility for such duties and competencies.

4.2 Duties of the Internal Audit Department

The Internal Audit Department shall be held responsible for evaluating the internal control system, supervising its application, and verifying the compliance of the Company and its employees with the applicable laws, regulations, instructions, and the Company's policies and procedures.

(Detailed roles and responsibilities, duties and obligations of the Internal Audit Department are specified in the Internal Audit Charter and Internal Audit Manual)

Chapter 5. Company's Auditor

The company shall assign the task of reviewing its annual accounts to an auditor who has the independence, competence, experience and qualification to prepare a substantive and independent report for the board of directors and shareholders, explaining if the company's financial statements express clearly and fairly the company's financial position and its performance in material aspects.

5.1 Appointment of an Auditor

The Ordinary General Assembly shall appoint the company's auditor based on the nomination of the Board of Directors, taking into account the following:

- The nomination of the auditor shall be based on the recommendation of the Audit Committee
- The auditor shall be licensed and shall fulfill the conditions prescribed by the competent authority
- The interests of the auditor shall not conflict with the interests of the company
- The number of candidates shall not be less than two auditors

5.2 Duties of the Auditor

- Exercising the duty of care and honesty towards the company
- Informing the Authority in the event that the Board of Directors does not take the appropriate action regarding the suspicious issues he submits
- Asking the board of directors to invite the ordinary general assembly if the board does not facilitate its work and the auditor shall be responsible for compensating the damage caused to the company, shareholders or others due to the errors committed by him in carrying out its work. If there are multiple auditors and they share in the error, they shall be jointly responsible for such

5.3 Stakeholders

The Board of Directors shall set clear and written policies and procedures to regulate the relationship with stakeholders in order to protect them and preserve their rights, provided that they include in particular the following:

- How to compensate stakeholders in the event of a breach of their rights established by regulations or protected by contracts
- How to settle complaints or disputes that arise between the company and stakeholders
- How to build good relationships with customers and suppliers and keep their information confidential
- The rules of professional conduct for the managers and employees of the company to comply with the proper professional and ethical standards and regulate the relationship between them and stakeholders, provided that the board of directors shall set to monitor the application and compliance with such rules
- The company's social contribution
- Confirmation that the company deals with members of the Board of Directors and related parties in accordance with the terms and conditions followed with stakeholders, without discrimination or preference
- Stakeholders having the information related to their activities in a way that enables them to carry out their tasks, provided that such information shall be correct, sufficient, at the appropriate time and on a regular basis
- Treating employees in the company in accordance with the principles of justice, equality, and non-discrimination

5.4 Reporting Illegal Practices

The Board of Directors, based on the proposal of the Audit Committee, shall set the necessary policies or procedures for stakeholders to follow in submitting their complaints or reporting illegal practices, taking into account the following:

- Facilitating the stakeholders' notification to the Board of Directors of any actions or practices that may be issued by the executive management that violate the applicable laws, regulations and rules or raise suspicion in the financial statements or internal control systems or others, whether the actions or practices are against them or not and conduct the necessary investigation in this regard
- Maintaining confidentiality of reporting procedures by facilitating direct contact with an independent member of the audit committee or other competent committees
- Assigning a competent person to receive and deal with complaints or communications from stakeholder
- Setting up a phone or email to receive complaints
- Providing the necessary protection for employers.

Chapter 6. Ethical Professional Standards

The Board shall set a policy for professional conduct in the company, taking into account in particular the following:

- Emphasizing each member of the Board of Directors, the Executive Management and the company's employees to exert their duties of care and loyalty towards the company and everything that would preserve and develop the company's interests and maximize its value and prioritize its interests over his personal interest in all cases.
- Representing of a member of the Board of Directors for all shareholders in the company and commit to what achieve the interest of the company and the interests of shareholders, and taking into account the rights of other stakeholders, not only the interest of the group that elected him.
- Consolidating the principle of commitment of the members of the Board of Directors and senior executives in the policy to all relevant rules, regulations, and instructions.
- Preventing a member of the Board of Directors or a member of the executive management from exploiting his position in order to achieve his own interest.
- Emphasizing that the use of the company's assets and resources is limited to achieving the company's purposes and objectives and not exploiting those assets or resources to achieve special interests.
- Establishing accurate, precise, and clear rules regulating the validity and timing of reviewing the company's internal information in a way that prevents members of the Board of Directors, Executive Management and others from benefiting from it or disclosing it to any person except within the limits of the legally prescribed or award.

6.1 Social Responsibility

The Ordinary General Assembly, based on the proposal of the members of the Board of Directors, shall set a policy that ensures a balance between its objectives and the objectives that the community aspires to achieve in order to develop the social and economic conditions of the community. *(Refer Appendix VII for details on the Corporate Social Responsibility Charter)*

6.2 Social Action Initiatives

The Board shall set the programs and determines the necessary means to launch the company's initiatives, including:

- Setting measurement indicators that link the company's performance with its initiatives in social work, and compare that with other companies with similar activity
- Disclosure of the objectives of the social responsibility adopted by the company to its employees and inform and educate them about it
- Disclosure of plans to achieve social responsibility in the periodic reports related to the company's activities
- Setting community awareness programs to define the company's social responsibility

Chapter 7. Compliance

The Board of Directors sets these governance rules in a manner that does not conflict with the external provisions of the Governance Regulations, and it shall monitor their application, verify their effectiveness, and amend them when needed, and for this to do the following:

- Review the company's compliance with the rules and regulations periodically.
- Review and update the rules in accordance with the regulatory requirements and best practices.
- Review and develop the rules of professional conduct that represent the company's values and other internal policies and procedures to meet the company's needs and in line with best practices.
- Always inform the members of the Board of Directors of developments in the field of corporate governance and best practices, or delegate this to the Audit Committee or any other committee.

Further, the Board responsibility is to seek external independent advice, when necessary, at the Company's expense and accountability to the shareholders, regulatory and supervisory bodies, and other Stakeholders.

Additionally, the Board and the Board Committees shall comply with the rules, regulations and circulars issued by SAMA, CMA and the applicable laws and regulations in the Kingdom.

Chapter 8. Performance Evaluation for Board and Board Committees

8.1 Introduction

The Performance Evaluation for Board, Board Committee members and Executive Management sets out the guidelines for their collective and individual performance assessment, as applicable.

8.2 Responsibilities

The Board of Directors along with the Nomination and Remuneration Committee are responsible to set the Key Performance Indicators (KPI) and performance objectives of the company in line with the Company strategy and values to evaluate the performance of Committee Members, Supervising Senior Management, Executive Management and Management Committees. KPIs should be defined for the performance of the respective committees in general and the performance of the committee members for annual evaluation.

Further, the Nomination and Remuneration Committee is responsible for evaluating and reviewing the performance and effectiveness of the Board, Board Committee members annually and evaluating performance of the Senior Management on a regular basis.

8.3 Action Plan based on the Evaluation

The performance of the respective committees and the performance of the members should be reported to the Board and that evaluation should be kept in the records by the Committee Secretary. The Board should define action plans based on the outcome of the evaluation against the Improvement opportunities identified in the evaluations.

Appendix I: Board Charter



Draft UCA Board
Charter