

POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)

(A Saudi Joint Stock Company)

DIVIDENDS DISTRIBUTION POLICY

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Article 1: Purpose

This Policy shall be referred to as the “Dividends Distribution Policy”, which aims to outline the general provisions governing the distribution of profits by Power and Water Utility Company for Jubail and Yanbu (Marafiq), based on the Corporate Governance Regulations and the company’s Articles of Association.

Article 2: Definitions

The words and expressions used in this Policy shall have the meanings assigned to each of them. The masculine form shall include the feminine, and the singular shall include the dual and plural, and vice versa, unless the context or a clear indication suggests otherwise.

Term	Definition
Governance Department	Corporate Governance, Compliance and Risk Management.
General Assembly	The Company's Ordinary General Assembly.
Policy	This Dividends Distribution Policy.
Company	Power and Water Utility Company for Jubail and Yanbu (Marafiq) (Saudi Joint-Stock Company).
Board	Board of Directors of the company.
Authority	The Capital Market Authority.

Article 3: Policy Interpretation Provisions

3.1 Interpretation Rules

- 3.1.1 This Policy and any attached appendices (if any) are considered an integral part of it and serve to complement and complete its provisions. They shall be read and interpreted together for this purpose.
- 3.1.2 All headings in this Policy are intended solely to facilitate reference and should not affect the interpretation of the Policy’s provisions as a unified whole.
- 3.1.3 This Policy shall take precedence over any other Policy on the same subject that may conflict with it.
- 3.1.4 The Board of Directors may establish implementing rules and policies for this Policy.
- 3.1.5 This Policy is drafted in accordance with the mandatory provisions of the Corporate Governance Regulations issued by the Authority. If the Authority decides at any time to consider a provision in the Corporate Governance Regulations as mandatory rather than supplementary, this Policy shall be interpreted accordingly, and the supplementary provision shall become binding by force of law and be deemed an integral part of this Policy. Even if a supplementary provision is expressed in mandatory language within this Policy, that does not change its non-binding nature unless and until the Authority decides otherwise.
- 3.1.6 The company’s consistent or occasional application of any guidance-based provision does not render mandatory unless a specific decision is issued by the Board or the Authority to the contrary. The company may alternate between applying or not applying such provisions to its discretion. Under no circumstances shall the approval of this Policy be construed as making the guidance-based provisions binding.

3.2 Sources of Judgment in Practice

3.2.1 The provisions of this Policy apply to matters explicitly addressed in both wording and meaning. There is no room for interpretation when a clear text exists.

3.2.2 The provisions of this Policy shall not conflict with the legislative regulations in the Kingdom of Saudi Arabia. In case of conflict, the mandatory legislative provisions shall prevail.

3.2.3 In the absence of a specific provision in this Policy, the following legislative hierarchy shall apply:

3.2.3.1 The mandatory provisions of the Corporate Governance Regulations issued by the Authority.

3.2.3.2 The provisions of the Companies Law and its implementing regulations.

3.2.3.3 The provisions of the company's Articles of Association.

3.2.3.4 The decisions of the General Assembly of the company.

3.2.3.5 The decisions of the Board of Directors.

3.2.3.6 Interpretation by the Corporate Governance Department based on the circumstances of each case not covered by a specific provision.

Article 4: Dividends Distribution

4.1 The company's annual net profits shall be distributed after deducting all general expenses and other costs.

4.2 The General Assembly may, based on a proposal by the Board of Directors, allocate a portion of the net profits to form an additional reserve for specific purposes.

4.2 Dividends shall be distributed to shareholders from the company's paid-up capital as determined by the General Assembly, which may delegate this authority to the Board of Directors.

4.3 The company may distribute quarterly and semi-annual dividends in accordance with applicable regulations.

4.4 The remaining portion of the profits may be distributed to shareholders as additional dividends or carried forward to subsequent years, as decided by the General Assembly.

Article 5: Eligibility for Dividends

5.1 A shareholder is entitled to receive their share of dividends in accordance with the resolution issued by the General Assembly in this regard, provided the resolution specifies the record date and the payment date.

5.2 Dividends shall only be payable to shareholders registered in the company's shareholder register at the end of the record date as specified by the General Assembly or the Board of Directors, in accordance with this Policy.

Article 6: Timing of Dividend Payments

The Board must implement the General Assembly's resolution regarding dividends distribution to shareholders within fifteen (15) days from the entitlement date as specified in the resolution, or from the date of the Board's resolution regarding interim dividends.

Article 7: Interim Dividends

7.1 The company may distribute interim dividends to its shareholders on a quarterly or semi-annual basis, provided the following conditions are met:

7.1.1 A resolution is issued annually by the General Assembly authorizing the Board to distribute interim dividends.

- 7.1.2 The company consistently generates profits.
- 7.1.3 The company has sufficient liquidity and can reasonably forecast its profit levels.
- 7.1.4 The company has distributable profits according to the latest audited annual financial statements that are sufficient to cover the proposed dividend distributions, after deducting any amounts previously distributed or capitalized from profits following those financial statements.
- 7.2 The Board must disclose in its annual report to the General Assembly the amounts of dividends distributed to shareholders during various periods of the fiscal year, along with the portion proposed for distribution at the end of the fiscal year, and the total dividend amounts.
- 7.3 Dividends shall be recorded in the retained earnings account from previous years, in the statutory reserves, or both. The company must adopt a sequential and consistent approach in determining the method and percentage of dividend distribution, based on its capabilities and available liquidity. The Board must disclose and announce the portion of the approved regular dividend intended for distribution on the specified dates.
- 7.4 When the company decides to distribute interim dividends, it must disclose and immediately announce this decision and provide a copy to the Authority.

Article 8: Review and Amendment

- 8.1 The company's Finance Department, in cooperation with the Governance Department, shall periodically review this Policy and recommend any amendments to the Board of Directors for approval before obtaining approval from the General Assembly.
- 8.2 The company's Governance Department shall retain the officially signed original version of this Policy and provide the Authority with a copy of it and any amendments made from time to time.

Article 9: Effective Date of the Policy

This Policy shall become effective and enforceable as of the date of its approval by the General Assembly.

Name of the Policy	Dividends Distribution Policy			
Reviewed and Amended by the Governance Department	Akram Ibrahim Al-Hamdan	Signature:	Date	24/07/2024
	Abu Bakr Ahmed Al-Khateeb			24/07/2024
Board Secretary	Muhammed Abdulhamid Al-Mulhim	Signature:	Date	07/08/2024
Date of Policy Approval by the Board of Directors	23/10/2023			
Date of approval of the Amendments to Article IV by the General Assembly	24/07/2024			
Official Language of the Policy	Arabic is the language and English, if available, is for guidance only.			

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