

**POWER AND WATER UTILITY COMPANY  
FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES**

(A Saudi Joint Stock Company)

**EXECUTIVE AND RISK COMMITTEE CHARTER**

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## Article 1: Purpose

This Charter is called the "Executive and Risk Committee Charter" and it has been prepared in accordance with the provisions of the Governance Regulations of Power and Water Utility Company for Jubail and Yanbu (Marafiq), as well as the governance rules upon which the Capital Market Authority of the Kingdom of Saudi Arabia is based. This Charter clarifies the mechanism for appointing members of the Executive and Risk Committee, its powers, everything related to its meetings, the quorum for this committee, and its work procedures.

## Article 2: Definitions

The words and phrases used in this Charter shall have the meanings indicated opposite each of them, and the masculine form shall refer to the feminine, the singular to the dual and plural, and vice versa, unless the context indicates otherwise:

Term	Definition
<b>Governance Management</b>	Governance, Compliance, and Risk Management in the Company.
<b>Secretary</b>	Secretary of the Executive and Risk Committee.
<b>General Assembly</b>	The Company's General Assembly.
<b>Committee Chairman</b>	Chairman of the Executive and Risk Committee.
<b>Charter</b>	Executive and Risk Committee Charter.
<b>Company</b>	Power and Water Utility Company for Jubail and Yanbu (Marafiq) (a Saudi joint stock company).
<b>Committee Board</b>	Executive and Risk Committee.
<b>Board</b>	The Company's Board of Directors.
<b>Guiding Principles and Governance</b>	The approved regulatory framework for the Company's strategy for growing its non-core businesses.
<b>Authority</b>	The Capital Market Authority.
<b>Business Day</b>	The day on which the Authority normally conducts its business.

## **Article 3: Interpretation of the Charter**

### **3-1 Rules of Interpretation**

3-1-1 This Charter and the appendices attached hereto (if any) shall be considered an integral part thereof, complementary and supplementary to its provisions, and shall be read and interpreted in conjunction with them for this purpose.

3-1-2 This Charter shall be directed and addressed to the job positions, not the individuals in charge of them.

3-1-3 All titles in this Charter are provided for ease of reference only; and shall not affect the interpretation of the texts of this Charter as a whole.

3-1-4 This Charter shall take precedence over any other Charter on the same subject that may conflict with them.

3-1-5 The Board may establish the rules and policies implementing this Charter.

3-1-6 This Charter are formulated in accordance with the mandatory rules in the Corporate Governance Regulations issued by the Authority. If the Authority decides at any time to consider any provision in the Corporate Governance Regulations to be a directive rather than a supplementary provision, this Charter shall be read in light of that purpose, and the supplementary provision shall become a directive with the force of law and an integral part of this Charter. If a supplementary provision is included in this Charter in the form of a mandatory rule, this shall not affect its remaining supplementary and not binding until the Authority decides otherwise.

3-1-7 The company's application of any of the advisory articles, whether consistently or incidentally, shall not affect the text's continuity as an advisory text unless a special decision is issued by the Council or the Authority to the contrary. The company may switch between applying the advisory text and not applying it in accordance with what it decides in this regard. Approval of the advisory texts included in this Charter may not be considered, in any way, as binding texts on the company.

### **3-2 Sources of Judgment on the Incident**

3-2-1 The provisions of this Charter shall apply to the matters addressed by this Charter in their terms and meanings, and there is no room for interpretation in the context of the text.

3-2-2 The provisions of this Charter may not conflict with the legislative laws of the Kingdom of Saudi Arabia. In the event of a conflict, the provisions of the mandatory legislative laws shall apply.

3-2-3 If there is no provision in this Charter on the matter, the following legislative texts shall apply:

3-2-3-1 The mandatory rules in the Corporate Governance Regulations issued by the Authority shall apply.

3-2-3-2 The provisions of the Companies Law and its Executive Regulations shall apply.

3-2-3-3 The provisions of the Company's Articles of Association shall apply.

3-2-3-4 The decisions of the Company's General Assembly shall apply.

3-2-3-5 The decisions of the Board of Directors shall apply.

3-2-3-6 The Governance Department shall exercise its discretion according to the circumstances surrounding each issue except as provided for in the Charter.

### **Article 4: Formation of the Committee and its Membership**

4-1 The committee shall be formed; its members and its chairman shall be appointed by a decision of the board. The remuneration of its members shall be determined in accordance with the policy of "Remuneration of Board Members, Committee Members and Executive Management" in this regard. Membership of the committee shall start by a decision of the board and ends by a decision or by the dissolution of the board.

4-2 The number of committee members shall not be less than three members and not more than five members. Its chairman and the majority of its members shall be members of the Board of Directors. The committee members shall have knowledge of the progress of investment projects and company financing.

4-3 The committee may include one or more members from outside the board of directors, provided that their number does not exceed half of the committee's members.

4-4 The company shall notify the Authority of the names and titles of the committee members from the date of their appointment and any changes thereto within five business days of the change.

4-5 A committee member may resign from membership in the committee by written notification addressed to the committee chairman, who shall inform the Board and the Board secretary of this directly. If the committee chairman resigns, the notification shall be addressed to the Board and the Board secretary. After resignation, it shall take effect in both cases from the date specified in the notification.

4-6 If the position of a committee member becomes vacant, the Board may appoint a member with the experience and competence to fill the vacant position. The new member shall complete the term of his predecessor. The company shall notify the Authority within five days from the date of appointment, and the appointed member shall complete the term of his predecessor.

4-7 If the necessary conditions for the committee's validity are not met due to the number of members falling below half the total, the board shall appoint a new committee, and the company shall notify the Authority within five days of the appointment. The appointed committee will complete the term of its predecessor.

4-8 Membership in the committee shall automatically terminate if any of the following conditions are met:

4-8-1 In the event that the Board is dissolved for any reason, or its term expires.

4-8-2 In the event of the death of a member or a proven total disability that prevents them from performing their duties.

4-8-3 In the event of a member's resignation or dismissal.

4-8-4 In the event that any of the membership conditions specified in this Charter and the relevant organizational Charter are not met.

## **Article 5: Secretary**

The Committee shall appoint a Secretary, and the Board shall determine his remuneration, provided that the Secretary shall be one of the Committee members or from whomever the Committee deems appropriate from the Company's management team to prepare for its meetings, prepare and document its minutes, and follow up on the implementation of its recommendations, directives, and decisions, without having the right to vote in them. The Secretary may resign from his position at any time by written notice sent to the Chairman of the Committee, provided that the Secretary shall continue to perform his duties until another Secretary is appointed by the Committee. In the event of the Secretary's temporary absence and/or inability to perform his duties, one or more persons shall be selected by the Company's CEO to assume the duties of the Secretary for the duration of his absence, and the Committee shall vote on this selection. The remuneration of the one replacing the Secretary shall be subject to the policies in effect regulating the remuneration of Board and Committee Secretaries.

## **Article 6: Committee's Work Controls**

6-1 The legal quorum of the committee shall be achieved by the attendance of at least the majority of its members, in person or by proxy, provided that the number of attendees is not less than two members in person. The committee takes its decisions by a majority of the members present at the meeting in person or by proxy. In the event of a tie, the side with which the committee chairman/meeting chairman voted shall prevail.

Any committee member has the right to delegate another committee member to attend and vote on their behalf at committee meetings. Such delegation shall be in accordance with the following rules:

- 1- A committee member is not entitled to represent more than one member in attending the same meeting.
- 2- The delegation shall be documented in writing.
- 3- A deputy may not vote on decisions that the law prohibits the member from voting on.

6-2 In the absence of the committee chairman, the remaining members present shall elect one of them to chair the meeting.

6-3 Members may participate in any meeting by telephone, videoconference, or similar electronic means.

6-4 A committee member has the right to object to any decision taken by the committee, provided that his objection is explicitly recorded in the minutes of the meeting. Absence from any meeting in which a decision is taken does not prevent the member from bearing responsibility for implementing the decision unless it is proven that the member was not aware of the decision or was unable to object to it.

### **Article 7: Committee's Meetings**

7-1 The Committee shall meet at the invitation of the Secretary, based on a request from the Committee Chairman, on a regular basis at least twice a year. It may also hold extraordinary or emergency meetings as circumstances require and at any other time as decided by the Committee Chairman. The Committee shall also meet when the Board or two members of the Committee request it.

7-2 Unless otherwise agreed, notice of each meeting confirming the place, time, date, agenda and items to be discussed shall be sent to each member of the Committee, any other person required to attend and all other members at least 10 business days in advance of the meeting. However, in exceptional circumstances, notice may be given less time in advance of the meeting, including a note on its urgency. The notice shall be sent, along with supporting documents, to committee members and other attendees, as appropriate, at the same time.

7-3 Any committee member may propose adding an item to the agenda of any meeting, whether before or during the meeting, provided that the committee approves by a majority vote.

7-4 The committee shall hold its meetings at the company's headquarters. However, it may hold them at any other location or by any available electronic means.

7-5 The company's CEO, CFO, and other specialists may attend meetings upon invitation from the committee.

## **Article 8: Minutes of Meetings**

8-1 The Secretary shall prepare minutes in Arabic of all committee meetings and decisions taken therein, including recording the names of those present. The minutes may be written in a language other than Arabic. In the event of a discrepancy, only the Arabic language shall prevail.

8-2 The Secretary shall ensure, at the beginning of each meeting, that there are no conflicts of interest and record them in the minutes accordingly.

8-3 The Secretary shall prepare a draft of the meeting minutes and present them to the Committee Chairman and members via email for review and add their comments within 5 working days from the date of each meeting. If the comments are not received within 10 working days after sending them, this shall be considered confirmation that there are no comments on the initial draft. The meeting minutes shall be kept after being signed by the Secretary and all members present.

## **Article 9: Committee's Duties**

In addition to the mandatory tasks determined by the Authority in the Corporate Governance Regulations issued by the Authority or those advisory tasks that become mandatory based on what the Authority decides in this regard, the Committee shall perform the following:

The Committee shall implement all procedures and activities that may be referred to the Committee by the Board of Directors from time to time, in addition to the following tasks:

9-1 Review operational plans, capital plans, and five-year business plans.

9-2 Review the Company's plans and performance with regard to the environment, health, and safety, and its compliance with relevant rules and regulations.

9-3 Set technical standards and performance standards for the Company's business and reviewing them as necessary in the water, sewage, seawater cooling and electricity sectors, and monitor compliance with and implementation of these technical standards.

9-4 Establish, review, monitor, and amend customer service standards as necessary.

9-5 Study and approve operational capital projects related to the company or recommend them to the Board, as authorized.

9-6 Monitor the progress and implementation of capital projects.

9-7. Develop a comprehensive risk management strategy and policies commensurate with the nature and scale of the company's activities. Continuously review the effectiveness of the company's management in managing the company's approved risk systems, verify their implementation, and update them based on the company's internal and external variables.

9-7 Determine and maintain an acceptable level of risk to which the company may be exposed and ensure that the company does not exceed this level.

9-8 Oversee the company's risk management system, evaluate the effectiveness of the systems and mechanisms for identifying, measuring, and monitoring risks to which the company may be exposed, and identify and address deficiencies therein.

9-9 Periodically reassess the company's risk tolerance and exposure (ex. through conducting stress tests).

9-10 Ensure the availability of adequate resources and systems for risk management.

9-11 Ensure that risk management staff understand the risks surrounding the company and work to increase awareness of the risk culture.

9-12 Review the organizational structure of the risk management and make recommendations regarding it prior to its approval by the Board.

9-13 Review any issues raised by the Audit Committee that may impact the company's risk management.

9-14 Prepare detailed reports on risk exposure and proposed steps to manage these risks and submit them to the Board of Directors.

9-15 Provide advice and recommendations to the Board of Directors regarding the risk management framework, including company-wide risk management policies and procedures.

9-16 Review and approve the information to be included in the annual risk management report.

9-17 Verify the viability of the company's continuity and successful continuation of its operations, while identifying the risks that threaten its continuity in the short or long term.

9-18 When carrying out its assigned duties, the committee shall commit to submitting its decisions or recommendations to the board and the relevant authorities in the company in writing, in accordance with the approved mandate, along with the justifications for the decisions, whenever possible.

### **Article 10: Committee's Powers**

The Committee shall have the following powers and authorities, in addition to its other powers set forth in this Charter and other powers determined by the Authority in the Corporate Governance Regulations issued by the Authority:

10-1 The Committee shall have access to sufficient resources to perform its duties.

10-2 The Committee may request any information from the Company's management in order to perform its duties. The Committee shall determine the information to be provided by the Company's departments, its extent, and the timing of its provision. The information shall be provided to the Committee when available.

10-3 Obtain advice and assistance, as needed, from any department within the company.

10-4 Receive appropriate training in a timely manner, whether in the form of an induction program for new members or on an ongoing basis for all members.

10-5 Seek assistance from any experts, specialists, or others it deems necessary to study topics within its duties and responsibilities. Details of the names of the experts and specialists consulted and the topics studied shall be documented in the minutes of the committee's meetings.

### **Article 11: Duties and Powers of the Committee Chairman**

11-1 In addition to the mandatory powers determined by the Authority in its Corporate Governance Regulations, or those advisory powers that become mandatory based on the Authority's decision in this regard, the Committee Chairman shall have the following powers:

11-1-1 Manage committee meetings and strive to enhance their effectiveness.

11-1-2 Represent the committee (or its designated member) before the Board and the General Assembly and answer any inquiries that may arise within the committee's area of expertise.

11-1-3 Ensure sufficient time is provided for discussion of agenda items.

11-1-4 Submit the committee's recommendations to the Board as the committee deems appropriate in any area of its jurisdiction when necessary.

11-1-5 Ensure the implementation of the committee's recommendations and decisions.

**11-2 The Committee's secretary assumes the following duties and responsibilities:**

11-2-1 Coordinate committee meetings and propose meeting items in coordination with the committee chair.

11-2-2 Notify committee members of meeting dates and provide them with the agenda, supporting documents, and any necessary information.

11-2-3 Attend and document committee meetings, prepare minutes of meetings, and keep them in a special register maintained by the company for this purpose.

11-2-4 Retain the committee's minutes, documents, reports, and other documents issued by the committee at the company's headquarters for a period of no less than ten years. Without prejudice to this period, the above shall be retained in the event of a lawsuit, including any pending or threatened lawsuit, claim, or any ongoing investigative procedures related to such documents, until such lawsuit is completed. This shall also apply to any retention of documents approved by the company in this regard.

11-3 In addition to other mandatory tasks determined by the Authority in the Corporate Governance Regulations issued by the Authority or those advisory tasks that become mandatory based on what the Authority decides in this regard, each member of the committee shall do the following:

11-3-1 Abide by the provisions of the Authority's law and regulations, the Companies Law and its executive regulations, other relevant laws, and the Company's articles of association when performing its duties, and to refrain from entering into or participating in any transaction that may harm the Company's interests.

11-3-2 Know the committee's duties and responsibilities and devote sufficient time to fulfilling them.

11-3-3 Perform assigned tasks without any external influence, whether from within or outside the company, and do not prioritize personal interests over those of the company.

11-3-4 Refrain from accepting gifts from anyone with whom the company has business dealings.

11-3-5 Prepare for and attend all meetings and actively participate in all discussions.

11-3-6 Ensure they are aware of regulatory updates related to the company, its activities, its business, and other relevant areas.

## **Article 12: Conflict of Jurisdiction and Conflict of Interest**

### **12-1 Positive and Negative Conflict of Jurisdiction**

In the event of a positive conflict between the jurisdictions of the Committee and any other standing committee of the Board, whereby each committee asserts its jurisdiction to consider a specific matter or incident, or in the event of a negative conflict with any other standing committee of the Board, whereby each committee asserts its lack of jurisdiction to consider a specific matter or incident, the matter shall be referred to the Board for a decision in this regard.

### **12-2 Conflict of Interest**

Without prejudice to the rules of the Company's conflict of interest policy and the details therein:

12-2-1 Members shall avoid any situations that could lead to a conflict of interest with the Company at all times.

12-2-2 If a member has a conflict of interest regarding any matter of the committee, he shall disclose this conflict before starting to discuss that matter, and this shall be recorded in the minutes of the meeting. In this case, the member may not attend, participate in the discussion of the matter, or vote on it.

12-2-3 A member of the committee may not have any direct or indirect interest in the business and contracts that will be executed or concluded on behalf of the company unless this is authorized by the ordinary general assembly (if the member of the committee also holds the position of a member of the board) or by the board (if the

member of the committee is not a member of the board) in accordance with the applicable law and the internal policies of the company.

12-2-4 If a committee member fails to disclose their interest in relevant contracts, the company may demand the cancellation of the contract and require the member to pay compensation or any profit/benefit they have derived from that interest.

12-2-5 If a committee member fails to disclose their involvement in any business that may compete with the company or any of its branches of activity, the company may resort to the competent judicial authority to claim appropriate compensation.

12-2-6 A member of the Committee may not, directly or indirectly, use, exploit or benefit from any of the Company's assets, information or investment opportunities being considered by the Company, and a member may not exploit any such investment opportunity after the expiration of his term of membership.

12-2-7 If it is proven that a member has exploited any investment opportunity, the company or any interested party may resort to the competent judicial authority to demand the cancellation of any business, profit or gain resulting from that opportunity. The company may also demand appropriate compensation.

12-2-8 A member of the Committee shall maintain the confidentiality of the information and documents available to him, and he may not, under any circumstances, even if his membership has ended, disclose them to any person or entity unless he has been authorized to do so in writing by the Board. He may not use any of this information for his personal benefit or the benefit of his relatives or any external parties, and the Company has the right to claim compensation in the event of a violation of the provisions of this Article.

### **Article 13: Review and Amendment**

13-1 The committee shall review this Charter, in cooperation with the company's management, when necessary. The matter shall then be referred to the Nomination and Remuneration Committee, which will then recommend any amendments to the board.

13-2 The company's Governance Department will retain the original, duly signed copy of this Charter and provide the Authority with a copy thereof and any amendments thereto from time to time.

#### Article 14: Charter Effectiveness

This Charter shall take effect and implemented from the date of their approval by the Board of Directors.

<b>Name of Charter</b>	Executive and Risk Committee Charter	
<b>Prepared by: Governance, Risk and Compliance Department</b>	Name: Dr. Akram Ibrahim Hamdan	Signature:
	Faisal Khalaf Al-Anazi	Signature:
<b>Secretary of the Board of Directors</b>	Name: Muhammed Abdulhamid Al-Mulhim	Signature:
<b>Date of Board of Directors Approval of the Charter</b>	02/08/2023	
<b>Date of Board of Directors Approval on the Amendments of the Charter</b>	26/02/2025	
<b>Approved Language of the Charter</b>	The Arabic language. English, if available, is considered as a guiding language only.	

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