

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

(A Saudi Joint Stock Company)

BOARD RULES AND PROCEDURES POLICY OF MARAFIQ

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Article 1: Purpose

This Policy shall be referred to as the "Board Rules and Procedures Policy of Marafiq," which has been prepared in accordance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia. This Policy is intended to clarify and define the rules and procedures governing the operations of the Board of Directors, the manner in which the Board is formed, its responsibilities, as well as the principles and foundations that govern its work and methods of communication with shareholders and the company's executive management.

Article 2: Definitions

The words and expressions used in this Policy shall have the meanings set forth beside each of them, and the masculine form shall include the feminine, the singular shall include the dual and plural, and vice versa, unless the context or the wording indicates otherwise.

Term	Definition
Governance Department	Corporate Governance Department within the Company.
Secretary	Secretary of the Nomination and Remuneration Committee.
General Assembly	The Ordinary General Assembly.
Policy	Board Rules and Procedures Policy of Marafiq.
Company	Power and Water Utility Company for Jubail and Yanbu (Marafiq) (Saudi Joint-Stock Company).
Board or Board of Director	Board of Directors of the Company.
Authority	The Capital Market Authority.
Working Days	The day on which the Authority normally conducts its business.
Member	Member of the Board of Directors of the company
Executive Member	A Board Member who is a full-time member of the Company's executive management and participates in its daily operations.
Non-Executive Member	A Board Member who is not a full-time member of the Company's management and does not participate in its daily operations.
Independent Member	A non-executive board member who enjoys complete independence in his or her position and decisions and is not subject to any of the limitations of independence stipulated in this Policy.
Relatives / Family Relationship	Parents, grandparents, and grandmothers, and upwards. Children and their children, and downwards. Full, paternal, or maternal brothers and sisters. Husbands and wives.
Person	Any natural or legal person recognized as such by the Kingdom's laws.
Group	In relation to a person, it means a person and any person affiliated with that person.
Affiliate	A person who controls another person, is controlled by that other person, or is jointly controlled by a third person. In any of the above, the control may be direct or indirect.

Stakeholders	Anyone who has an interest in the company, such as employees, creditors, customers, suppliers, and the public.
Major Shareholders	Anyone who owns 5% or more of the company's shares or voting rights.
Controlling Share	The ability to influence the actions or decisions of another person, directly or indirectly, alone or jointly with a relative or affiliate, (a) by owning 30% or more of the voting rights in a company, (b) and/or the right to appoint 30% or more of the members of the management body.
Remuneration	Sums, allowances, profits, and similar benefits, periodic or annual performance-related bonuses, short- or long-term incentive plans, and any other in-kind benefits, excluding reasonable actual expenses and costs incurred by the company on behalf of a board member for the purpose of performing their duties.

Article 3: Interpretation of the Policy

3.1 Interpretation Rules

- 3.1.1 This Policy and its annexes (if any) are considered an integral part of it and are complementary to its provisions and shall be read and interpreted accordingly.
- 3.1.2 This Policy addresses functional positions rather than the individuals occupying them.
- 3.1.3 All headings in this Policy are for reference purposes only and should not affect the interpretation of the Policy as a whole.
- 3.1.4 This Policy shall prevail over any other policy or regulation on the same subject that may conflict with it.
- 3.1.5 The Board may establish executive rules and policies to implement this Policy.
- 3.1.6 This Policy is drafted in accordance with the mandatory rules of the Corporate Governance Regulations issued by the Authority. If, at any time, the Authority decides to classify a provision as non-mandatory, this Policy shall be interpreted accordingly, and such non-mandatory provision shall become mandatory by law and an inseparable part of this Policy. If any non-mandatory provision is included in this Policy as if it were mandatory, this does not change its legal nature until the Authority decides otherwise.
- 3.1.7 The company's consistent or occasional application of any guiding (non-mandatory) provisions does not change their non-binding nature unless a specific resolution is issued by the Board or the Authority to the contrary. The company may choose to apply or not apply the guiding provision at its discretion. In no case shall the approval of this Policy be considered as making the guiding provisions therein binding.

3.2 Sources of Ruling on Issues

- 3.2.1 The provisions of this Policy shall apply to the matters explicitly covered by its text, and no interpretation shall be made where a clear provision exists.
- 3.2.2 The provisions of this Policy shall not conflict with the legislative regulations in force in the Kingdom of Saudi Arabia. In case of conflict, the mandatory legislative provisions shall prevail.
- 3.2.3 If no provision exists in this Policy regarding a particular issue, the following legislative hierarchy shall apply:

- 3.2.3.1 The mandatory rules in 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 Resolutions of the General Assembly of the company.
- 3.2.3.5 Resolutions of the Board of Directors.
- 3.2.3.6 Reasoned judgment by the Governance Department based on the surrounding circumstances of each issue not explicitly addressed.

Article 4: Structure and Composition of the Board of Directors

- 4.1 The company shall be managed by a Board of Directors consisting of seven (7) members elected by the General Assembly of shareholders using the cumulative voting method, for the duration specified in the Company's Articles of Association.
- 4.2 The majority of the Board members must be non-executive members.
- 4.3 The number of independent Board members shall not be less than one-third of the total Board members, and shall not be fewer than three members.
- 4.4 The Chairman of the Board may not combine his position with any executive position in the company, such as the CEO or Managing Director (if any).
- 4.5 The CEO may not be appointed as Chairman of the Board within one year from the date of termination of his services.
- 4.6 Board membership ends upon expiration of the term or due to the termination of a member's eligibility in accordance with applicable laws or regulations. However, the Ordinary General Assembly may at any time dismiss all or some of the Board members, even if the Company's Articles of Association provide otherwise, without prejudice to the right of the dismissed member to seek compensation if the dismissal was unjustified or poorly timed. A Board member may resign provided the timing is appropriate; otherwise, he may be held liable for any resulting damages to the company.
- 4.7 Based on a recommendation from the Board, the General Assembly may terminate the membership of any Board member who is absent from three consecutive Board meetings without a legitimate excuse.
- 4.8 If a Board member's membership ends for any reason, the Authority shall be notified within the legally prescribed period, stating the reasons.
- 4.9 If a Board member resigns and has any observations about the company's performance, he must submit a written statement to the Chairman of the Board. This statement must be presented to the other Board members.
- 4.10 No Board member may simultaneously hold membership in the Boards of Directors of more than five listed joint-stock companies.

Article 5: Responsibilities and Duties of the Board

5.1 Core Functions and General Duties of the Board of Directors

- 5.1.1 Approving the company's strategic plans, policies, and main objectives, overseeing their implementation, and reviewing them periodically, while ensuring the availability of the necessary human and financial resources to achieve them, including:

- 5.1.1.1 Developing the company's overall strategy, main action plans, and risk management policies and procedures, and reviewing and guiding them.
- 5.1.1.2 Determining the optimal capital structure of the company, its financial strategies and objectives, and approving all types of budgets.
- 5.1.1.3 Overseeing the company's major capital expenditures, asset ownership, and disposals.
- 5.1.1.4 Establishing performance indicators and monitoring implementation and overall performance.
- 5.1.1.5 Periodic review and approval of the organizational and functional structures and human resources of the company.
- 5.1.1.6 Ensuring the availability of human and financial resources necessary to achieve the company's main goals and plans.
- 5.1.1.7 Establishing internal control systems and general oversight over them, including a written policy to manage actual and potential conflicts of interest that may affect the performance of Board members, executive management, shareholders, or other company employees, and addressing any potential conflict of interest.
- 5.1.1.8 Establishing governance rules specific to the company, without contradicting the Corporate Governance Regulations issued by the Authority, overseeing their effectiveness, and amending them as needed.
- 5.1.1.9 Reviewing the organizational structure, including the application of the company's operating model, which defines the relationship between it and its subsidiaries and the governance mechanisms governing them.
- 5.1.1.10 Setting clear and specific policies, criteria, and procedures for Board membership and implementing them after approval by the General Assembly.
- 5.1.1.11 Establishing a written policy to regulate the relationship with stakeholders to protect and preserve their rights. This Policy must cover the requirements in the Corporate Governance Regulations issued by the Authority.
- 5.1.1.12 Establishing policies and procedures to ensure the company's compliance with laws and regulations, disclosing material information to shareholders, creditors, and other stakeholders, and ensuring executive management's compliance with them.
- 5.1.1.13 Overseeing the company's financial management, cash flows, and financial and credit relationships with others.
- 5.1.1.14 Making proposals to the Ordinary and Extraordinary General Assemblies as deemed appropriate, in line with the company's bylaws and applicable laws and regulations.
- 5.1.1.15 Establishing specific procedures for onboarding new Board members, including introducing them to the company's operations and activities—especially financial and legal aspects—and providing training if necessary.
- 5.1.1.16 Ensuring the company provides sufficient information about its affairs to all Board members, especially non-executive members, to enable them to perform their duties effectively.
- 5.1.1.17 Preparing and approving the company's interim and annual financial statements before publication.
- 5.1.1.18 Preparing and approving the Board of Directors' report before publication.
- 5.1.1.19 Ensuring the accuracy and integrity of disclosed data and information in accordance with disclosure and transparency policies and regulations.
- 5.1.1.20 Establishing effective communication channels to allow shareholders to continuously and regularly review various company activities and any material developments.
- 5.1.1.21 Forming specialized committees from within the Board through resolutions that define the committee's term, powers, responsibilities, and how the Board oversees them. The resolution

must include the naming of members and definition of their roles, rights, and duties, along with performance evaluation of these committees and their members.

5.1.1.22 Defining the types of remuneration offered to the company's employees, such as fixed bonuses, performance-related bonuses, and share-based bonuses, in a manner that does not conflict with the regulatory rules and procedures issued in implementation of the Companies Law for listed joint-stock companies.

5.1.1.23 Establishing the values and standards that govern work within the company.

5.2 Responsibilities of the Board Towards Shareholders

5.2.1 Inviting shareholders to attend Ordinary and Extraordinary General Assembly meetings.

5.2.2 Ensuring that the annual report and published financial statements sent to shareholders accurately reflect the company's actual performance. The Board must ensure that the company's management provides current and potential shareholders, as well as the investment community, with all relevant information on performance results and key developments, in line with the company's disclosure and transparency policy.

5.2.3 Establishing transparency and disclosure as a clear and consistent policy of the Board.

5.2.4 Recommending the dividend distribution policy for approval by the General Assembly.

5.2.5 Approving interim dividend distributions (quarterly or semi-annual) to shareholders and recommending to the General Assembly the approval of annual dividends and distribution rates in accordance with the company's Articles of Association.

5.2.6 Recommending capital increases or reductions.

5.2.7 Approving the Audit Committee's recommendations regarding the selection and nomination of the external auditor, determining their fees, and recommending their appointment to the General Assembly.

5.2.8 Reviewing, evaluating, and approving major transactions, including capital allocations, expenditures, and capital investments.

5.2.9 Determining the optimal capital allocation model required for the company's main sectors, activities, and investments.

5.2.10 Overseeing and authorizing any acquisition or merger processes undertaken by the company.

5.2.11 The Board of Directors and executive management must refrain from any discrimination among shareholders holding the same class of shares, must not withhold any of their rights, and must work to protect those rights fairly.

5.3 Responsibilities of the Board Towards Its Non-Executive Members

Informing Board members, especially non-executive members, of shareholders' proposals and observations regarding the company and its performance through the following:

5.3.1 Presenting shareholder proposals and observations (if any) to Board members at the nearest Board meeting or through any other effective means of communication on an ongoing basis.

5.3.2 Organizing regular meetings with investors (IR programs) and informing the Board of significant proposals submitted by them.

5.3.3 Taking any other actions or arrangements the Board deems appropriate to achieve this purpose, provided they do not conflict with applicable laws.

5.3.4 Publishing these procedures in the Board's annual report.

5.3.5 Ensuring Board members, including non-executive members, attend shareholders' General Assembly meetings.

5.4 Responsibilities of the Board Towards the Company

- 5.4.1 Setting the company's general strategies, investment plans, and overall directives and criteria for investments.
- 5.4.2 Reviewing activities related to preparation, planning, and organization, including approving structural rules in line with the company's policy.
- 5.4.3 Determining the general outlook for risks faced by the company.
- 5.4.4 Establishing and monitoring performance indicators for financial and non-financial objectives.
- 5.4.5 Supervising the company's executive management, organizing its operation, monitoring, and verifying its performance and the tasks assigned to it, including:
- 5.4.6 Establishing necessary administrative and financial policies.
- 5.4.7 Ensuring that executive management operates in accordance with policies approved by the Board.
- 5.4.8 Selecting and appointing the company's CEO, and supervising their performance.
- 5.4.9 Appointing and dismissing the head of internal audit or internal auditor and determining their remuneration (if applicable).
- 5.4.10 Holding regular meetings with executive management to discuss work developments, challenges, and key information about company operations.
- 5.4.11 Establishing performance standards for executive management aligned with the company's objectives and strategy.
- 5.4.12 Reviewing and evaluating the performance of executive management.
- 5.4.13 Establishing a succession planning mechanism for the company's management.
- 5.4.14 Maintaining the confidentiality of company-related information and activities and not disclosing them to others.

5.5 Responsibilities of the Board Towards Subsidiaries

- 5.5.1 Ensuring that the strategy and financial reporting policies of subsidiaries align with the company's policies and procedures.
- 5.5.2 Establishing and tracking both financial and non-financial performance indicators.
- 5.5.3 Monitoring the approved performance indicators for each subsidiary and submitting regular reports to the company's Board of Directors.
- 5.5.4 Approving major investments as per the pre-agreed Delegation of Authority (DOA) matrix.
- 5.5.5 Evaluating the performance of the boards of subsidiary companies and the performance of their membership
- 5.5.6 Reviewing the activities of the sectors and their subsidiaries in detail, ensuring that the company's Board retains all material decisions that have legal or financial implications.
- 5.5.7 Ensuring that the governance regulations of the subsidiaries align with the parent company's governance policy.
- 5.5.8 Developing specific internal policies and criteria (decision matrices) that regulate the relationship between the company and its subsidiaries, reviewing and updating them periodically or as needed.
- 5.5.9 Nominating the company's representatives to the boards of directors of subsidiaries in which the company holds equity.

5.6 Mechanism for Selecting the Chairman, Vice Chairman, and CEO,

- 5.6.1 The Board shall elect from among its non-executive members a Chairman and a Vice Chairman.
- 5.6.2 The Board shall review and approve the performance evaluation mechanisms for the Chairman and Board members, as proposed by the Nomination and Remuneration Committee.

- 5.6.3 Based on the recommendation of the Nomination and Remuneration Committee, nomination and evaluation procedures for executive positions shall be developed, including succession plans for key roles, especially the position of Chief Executive Officer (CEO).
- 5.6.4 The Board shall monitor the performance and activities of the CEO in light of the recommendations made by the Nomination and Remuneration Committee.
- 5.6.5 The Board shall approve the CEO's remuneration based on the proposal of the Nomination and Remuneration Committee.

5.7 Duties of the Chairman of the Board

The Chairman is responsible for ensuring effective communication channels with shareholders and conveying their views to the Board, as well as for ensuring the optimal management of Board operations. Key responsibilities include:

5.7.1 Responsibilities Related to Board Effectiveness

- 5.7.1.1 Ensuring that the Board has sufficient resources to support its work and is provided with the information it requests.
- 5.7.1.2 Managing discussions and deliberations during Board meetings, ensuring that all key issues are discussed effectively and timely, and that decisions are clear, understood, and documented in the meeting minutes.
- 5.7.1.3 Ensuring the establishment of mechanisms for evaluating the performance of the Board, its members, committees, and executive management.
- 5.7.1.4 Fostering a culture of openness and constructive dialogue by strengthening relationships among members, encouraging active participation between Board members and executive management, and promoting engagement among non-executive and independent members.

5.7.2 Responsibilities Related to Board Operations

- 5.7.2.1 Setting the agenda of Board meetings, taking into consideration items raised by any Board member or by the external auditor, and consulting with Board members and the CEO in the process.
- 5.7.2.2 Ensuring that Board members receive full, accurate, and non-misleading information in a timely manner.
- 5.7.2.3 Enabling all Board members to actively participate in meetings and creating a culture that encourages constructive criticism.
- 5.7.2.4 Ensuring the existence of controls that help the Board perform effectively and efficiently.
- 5.7.2.5 Holding periodic meetings with non-executive Board members without the presence of any executive member of the company.
- 5.7.2.6 Ensuring that if responsibilities are delegated to committees or company executives, they are carried out according to the delegation, and the Board is kept informed of the outcomes.
- 5.7.2.7 Ensuring that the Board receives sufficient support to perform its duties properly.
- 5.7.2.8 Approving the Board's recommendations and proposals and formalizing them into decisions.
- 5.7.2.9 Continuously working to develop and improve the Board's performance.
- 5.7.2.10 Calling Board meetings and presiding over them.

5.7.3 Chairman Responsibilities Towards Shareholders

- 5.7.3.1 The Chairman and the CEO shall inform other Board members of shareholder opinions and discuss them with the Board.
- 5.7.3.2 Informing the General Assembly during its meeting of any business or contracts in which a Board member has a direct or indirect interest, including all related information submitted by the member to the Board, accompanied by a special report from the company's external auditor.
- 5.7.3.3 Ensuring effective communication with shareholders.
- 5.7.3.4 Any other responsibilities stipulated in the company's Articles of Association.

5.8 Duties of the Vice Chairman of the Board

- 5.8.1 Assisting the Chairman in matters and issues related to the company's Board of Directors.
- 5.8.2 Calling the Board to convene in the absence of the Chairman.
- 5.8.3 Presiding over Board meetings in the Chairman's absence.
- 5.8.4 Presiding over General Assembly meetings in the Chairman's absence.
- 5.8.5 Managing and leading the performance evaluation process of the Chairman in coordination with other Board members.
- 5.8.6 Carrying out any other responsibilities stipulated in the company's Articles of Association.

5.9 Duties of the Independent Board Member

Subject to the Corporate Governance Regulations, the independent Board member shall effectively participate in carrying out the following tasks:

- 5.9.1 Expressing independent opinions on strategic matters, company policies, performance, and decisions related to appointing executive management members.
- 5.9.2 Ensuring that the interests of the company and its shareholders are upheld, especially in situations where conflicts of interest arise.
- 5.9.3 Overseeing the development of the company's governance rules and monitoring the executive management's compliance with them.

5.10 Duties of a Board Member

Each Board member shall perform the following duties as part of their role on the Board:

- 5.10.1 Proposing ideas to improve the company's strategy.
- 5.10.2 Monitoring the performance of executive management and their achievement of the company's objectives and goals.
- 5.10.3 Reviewing reports on company performance.
- 5.10.4 Ensuring the accuracy and integrity of the company's financial statements and information.
- 5.10.5 Verifying the robustness of the company's financial controls and risk management systems.
- 5.10.6 Determining appropriate levels of remuneration for executive management members.
- 5.10.7 Giving opinions on the appointment or dismissal of executive management members.
- 5.10.8 Participating in the development of succession and replacement plans for executive positions.
- 5.10.9 Fully complying with the Companies Law, the Capital Market Law and their implementing regulations, and the company's Articles of Association when performing Board duties, and refraining from any conduct that would harm the company's affairs.
- 5.10.10 Attending Board and General Assembly meetings and avoiding absence unless with a valid excuse, which must be reported in advance to the Chairman, or due to unforeseen emergencies.

- 5.10.11 Allocating sufficient time to fulfill responsibilities, prepare for and actively participate in Board and committee meetings, including asking relevant questions and engaging with senior executives.
- 5.10.12 Studying and analyzing relevant information related to matters under Board consideration before expressing opinions.
- 5.10.13 Enabling other Board members to express their views freely, encouraging deliberation on matters, and consulting with subject matter experts from executive management or otherwise, if necessary.
- 5.10.14 Fully and promptly disclose to the Board any direct or indirect interest in any company transactions or contracts, including the nature and extent of such interest, the names of related parties, and the expected direct or indirect benefit, whether financial or non-financial. The member must not vote on any related decision, in accordance with applicable laws.
- 5.10.15 Fully and promptly disclosing to the Board any direct or indirect involvement in activities that compete with the company, or any direct or indirect competition with the company in any area of its business, in accordance with relevant laws.
- 5.10.16 Refraining from disclosing or revealing any confidential information obtained through Board membership to any shareholder (except during General Assembly meetings) or to any other party, in accordance with applicable laws.
- 5.10.17 Acting on complete information, in good faith, with the due care and diligence necessary to serve the interests of the company and all shareholders.
- 5.10.18 Understanding their duties, roles, and responsibilities arising from Board membership.
- 5.10.19 Expanding their knowledge of the company's activities and operations, as well as relevant financial, commercial, and industrial fields.
- 5.10.20 Resigning from the Board if unable to fully meet Board responsibilities.

Article 6: Impediments to Independence

- 6.1 An independent Board member must be capable of performing their duties, expressing opinions, and voting on decisions with objectivity and neutrality, thereby supporting the Board in making sound decisions that serve the company's interests.
- 6.2 The Board must conduct an annual assessment to ensure that the independence of a member is maintained and confirm that there are no relationships or circumstances that affect, or could affect, their independence.
- 6.3 Circumstances that conflict with the independence required of an independent Board member, including but not limited to the following:
- 6.4 Owning 5% or more of the company's shares or of any company within its group, or having a relative who owns such a percentage.
- 6.5 Acting as a representative of a legal entity that owns 5% or more of the company's shares or those of any company within its group.
- 6.6 Having a kinship relationship with any Board member of the company or of a company within its group.
- 6.7 Having a kinship relationship with any senior executive in the company or in a company within its group.
- 6.8 Serving as a Board member in another company within the group of the company for which the Board membership is being sought.

- 6.9 Being, or having been during the past two years, an employee of the company or of any entity dealing with it, or of any company within its group, such as auditors, major suppliers, or owning controlling interests in any of these entities during that period.
- 6.10 Having a direct or indirect interest in business transactions or contracts made on behalf of the company.
- 6.11 Receiving financial payments from the company, beyond Board or committee membership remuneration, in excess of SAR 200,000 or more than 50% of their previous year's remuneration for Board or committee membership, whichever is lower.
- 6.12 Participating in any business that competes with the company, or engaging in trade in the same field of activity as the company.
- 6.13 Having served as a Board member for more than nine years, whether consecutive or cumulative.
- 6.14 Not considered a conflict of interest that affects independence are contracts and transactions entered into with a Board member to meet personal needs, provided such contracts are made under the same conditions as those offered to the general public and fall within the company's ordinary course of business, unless the Nomination and Remuneration Committee decides otherwise.

Article 7: Appointment of the Board Secretary and Organization of Board Meetings

7.1 Appointment of the Board Secretary and defining duties and responsibilities.

7.1.1 The Board shall appoint a Secretary from among its members or otherwise. Dismissal of the Secretary requires a decision by the Board, which shall also determine their entitlements and compensation.

7.1.2 The Secretary must meet the following qualifications:

- 7.1.2.1 Hold a university degree in law, business administration, finance, or accounting and have at least three years of relevant practical experience; or, in the absence of such a degree, have at least five years of relevant practical experience.
- 7.1.2.2 Possess good communication skills and a professional presence.
- 7.1.2.3 Be familiar with the Companies Law and the Capital Market Authority's regulations.
- 7.1.2.4 Be knowledgeable about the company's activities and industry.
- 7.1.2.5 Be detail-oriented and adaptable.
- 7.1.2.6 Have strong writing skills in both Arabic and English.

7.1.3 Responsibilities of the Board Secretary include:

- 7.1.3.1 Documenting Board meetings, preparing minutes that reflect discussions and deliberations, and noting the date, time, and location of the meeting, as well as decisions and voting outcomes. The minutes must include attendees' names and any objections and be signed by the meeting Chair, all attending members, and the Secretary.
- 7.1.3.2 Maintaining reports submitted to the Board and those prepared by the Board.
- 7.1.3.3 Distributing the meeting agenda, working papers, and relevant documents to Board members and responding to additional document requests related to the meeting's agenda.
- 7.1.3.4 Ensuring Board members comply with established procedures.
- 7.1.3.5 Notifying Board members of meeting dates well in advance.
- 7.1.3.6 Presenting draft minutes to Board members for feedback before signing.

- 7.1.3.7 Ensuring that Board members promptly receive copies of meeting minutes and relevant company information.
- 7.1.3.8 Coordinating among Board members.
- 7.1.3.9 Maintaining the disclosure register for Board members and executive management in accordance with corporate governance regulations.
- 7.1.3.10 Providing support and advice to Board members.
- 7.1.3.11 Coordinating with the Governance and Compliance Officer regarding governance requirements related to the Board and its committees, including their formation, responsibilities, and rules of procedure.

7.2 Number of Meetings

The Board of Directors shall meet whenever necessary, provided that it holds no fewer than four meetings during the financial year, with at least one meeting every three months.

7.3 Procedures for Holding Meetings

- 7.3.1 Board meetings shall be convened by the Secretary upon the request of the Chairman. Extraordinary or urgent meetings may be held whenever circumstances require, at any time, as decided by the Chairman. A meeting may also be convened at the request of any Board member. In all cases, the reasons for holding an extraordinary meeting must be documented in the relevant meeting minutes.
- 7.3.2 Unless otherwise agreed, a notice for each meeting, confirming the venue, time, date, agenda, and topics to be discussed, shall be sent to each Board member and any other person required to attend, at least 10 business days prior to the meeting. In exceptional cases, notice may be given 5 business days in advance, provided that the urgency is clearly indicated. Supporting documents must be sent at the same time to all attendees.
- 7.3.3 Meetings shall be held at the company's headquarters. However, they may be held elsewhere or through available electronic means.
- 7.3.4 If any Board member has questions or objections regarding the company's performance or any agenda item that remains unresolved during the meeting, this must be recorded in the minutes, along with any actions taken or proposed by the Board.

7.4 Quorum

A meeting is only valid if at least half of the Board members attend in person or by proxy, provided that no fewer than four members are present and at least three are attending in person, including the Chairman or Vice Chairman. Board members may attend via telephone or other electronic communication means.

7.5 Voting

Each Board member has an equal vote. Board resolutions are passed by majority vote. In the event of a tie, the Chairman's vote is the deciding vote.

7.6 Passing Resolutions by Circulation

The Board may, in cases of necessity, issue resolutions by circulation. This requires the unanimous written consent of all Board members. These decisions must be presented to the Board at the next meeting for ratification and must be recorded in the meeting minutes, which are to be signed by the Chairman and Secretary.

7.7 Board Member Preparation

Preparing for Board meetings involves reviewing and analyzing the information and documents provided to members in advance. These materials should include the agenda and supporting documents such as:

- 7.7.1 A report from the CEO providing an overview of company operations and key developments since the last meeting, if any.
- 7.7.2 A financial performance report focused on key performance indicators and strategic outcomes.
- 7.7.3 Minutes of the previous meeting, if necessary.
- 7.7.4 A list of Board directives and resolutions from previous sessions and progress made on each.
- 7.7.5 Specific documents and information related to agenda items requiring discussion or decision.

7.8 Minutes of Meetings

- 7.8.1 The Secretary shall prepare minutes in Arabic for each Board meeting, including the resolutions adopted and the names of attendees. Minutes may be prepared in another language, but in case of discrepancies, the Arabic version shall prevail.
- 7.8.2 The Secretary must confirm at the beginning of each meeting that no conflict of interest exists and document this in the minutes.
- 7.8.3 The Secretary shall prepare a draft of the meeting minutes and send it to the Chairman and Board members by email for their comments within 5 business days of the meeting date. If no feedback is received within two weeks, it is deemed as approval of the draft. The minutes shall be retained after being signed by the Secretary and all attending members.
- 7.8.4 If a Board member has comments regarding company performance or any agenda item that remains unresolved, it must be documented along with any proposed actions by the Board. If a member disagrees with a resolution, this dissenting opinion must be recorded in the meeting minutes.
- 7.8.5 Absence from the meeting in which a decision is made does not absolve a member of responsibility unless it is proven that the absent member was unaware of the resolution or was unable to object to it after becoming aware.

Article 8: Delegation of Authority Matrix (DOA)

The responsibilities and powers of the Chairman of the Board, the Vice Chairman, Board Members, and Executive Management, including the CEO or Managing Director (if any), are clearly and explicitly defined in the Delegation of Authority Matrix or in the company's Articles of Association. Under all circumstances, no individual shall hold absolute authority to make decisions on behalf of the company. The Board of Directors shall, in this regard:

- 8.1 Approve and develop internal company policies, including defining the roles, responsibilities, and authorities assigned to various organizational levels, and identifying the matters that remain under the exclusive authority of the Board.
- 8.2 Approve a written and detailed policy defining the powers delegated to the executive management, including a table specifying those powers, the method of execution, and the duration of the delegation. The Board may request regular reports from executive management regarding their use of delegated powers.

8.3 Establish and periodically update a clear Delegation of Authority Matrix that governs the relationship between the company and its subsidiaries, whenever necessary.

Article 9: Separation of Positions

9.1 The Board of Directors shall appoint from among its members a Chairman and a Vice Chairman. It may also appoint a Managing Director from among its members.

9.2 The positions of Chairman, Vice Chairman, and any executive role within the company, including CEO, General Manager, or Managing Director (if any), must not be held concurrently by the same individual.

9.3 The company's Articles of Association shall define the responsibilities of the Chairman, Vice Chairman, and Managing Director (if any).

9.4 Under no circumstance should a single individual hold absolute authority to make decisions on behalf of the company. Decisions must be made institutionally.

Article 10: Insider Trading

10.1 It is prohibited for Board members, senior executives, the Board Secretary, or any other insider to trade in the company's shares based on insider information. It is also prohibited for a non-insider to trade based on such information if they received it from an insider and knew or should have known that it was insider information.

10.2 It is forbidden for insiders and non-insiders alike to disclose insider information to any person if they know or should know that such person may trade the related securities based on this information.

10.3 The company shall establish a detailed policy regulating the timing and authorization for accessing insider information, to prevent misuse or unauthorized disclosure by Board members, executive management, or others, except as permitted by law.

Article 11: Evaluation and Training

11.1 Performance Evaluation

11.1.1 The Board of Directors, based on a recommendation from the Nomination and Remuneration Committee, shall establish the necessary mechanisms for annual performance evaluation.

11.1.2 Performance evaluation procedures must be written, clear, and communicated to Board members and other individuals subject to evaluation, to ensure the effectiveness of the Board, its members, committees, and executive management.

11.1.3 Performance evaluation shall not be limited to Key Performance Indicators (KPIs) linked to the company's strategic objectives but shall also cover the quality of risk management, internal controls, and related activities. It must include an assessment of strengths and weaknesses, and how to address areas for improvement.

11.1.4 Individual evaluations of Board members must consider each member's effective participation, fulfillment of duties and responsibilities, and overall contribution to the company, including engagement in areas identified by the Board or management for improvement, and attendance and time commitment to Board and committee meetings.

11.1.5 The Board shall obtain an independent external evaluation of its performance at least once every three years, and disclose this in its annual report.

11.1.6 The Board's annual report must disclose the results of the performance evaluations of the Board, its members, committees, and executive management.

11.2 Training

The company must give due attention to training and developing the Board of Directors and executive management by implementing the necessary programs, considering the following:

11.2.1 Develop orientation programs for newly appointed Board members and executive management, covering:

11.2.1.1 The company's strategy and objectives

11.2.1.2 The financial and operational aspects of the company's activities

11.2.1.3 The roles, duties, responsibilities, and rights of Board members

11.2.1.4 The roles and responsibilities of Board committees

11.2.1.5 Establish mechanisms to ensure Board members and executive management receive continuous training programs and courses to enhance their skills and knowledge relevant to the company's business activities.

11.2.2 The Board orientation program for new members shall include the following:

11.2.2.1 Prepare a file containing essential documents to be reviewed, such as: the company's Articles of Association, annual reports for the past two years, internal policies such as the Corporate Governance Manual (which includes the roles, responsibilities, and obligations of the Board members and committees), and any other relevant documents.

11.2.2.2 Provide a comprehensive presentation by Executive Management to the new member covering the company's strategy, objectives, financial and operational aspects, business journey, affiliated companies, and all related activities (Roadshow Presentation).

11.2.2.3 Arrange a site visit to the company and its business sectors to become familiar with its field operations.

Article 12: Communication Between Board Members and Executive Management

To enhance communication between the Board of Directors, committees, and the boards of affiliated companies inside and outside the Kingdom, the following guidelines shall be followed:

12.1 Invitations to meetings shall be issued by the Chairman of the Board or the relevant committee, whether at the company level or subsidiaries.

12.2 Scheduled meetings shall not be canceled or postponed without consulting the Chairman of the Board or the relevant committee.

12.3 The Chairman may call for an exceptional meeting at any time deemed necessary or upon request from two members.

12.4 Coordination on meeting agendas shall be made between the Chairman, the Board Secretary, the members, and the CEO.

12.5 Coordination between the Chairman and the committees must occur before holding any meetings or sharing information.

12.6 Subsidiary companies must submit periodic reports to the parent company's Board of Directors regarding their performance.

- 12.7 The Board Secretary serves as the point of contact for all Board-related matters. In case of absence, another executive team member with relevant experience shall perform the duty under the direction of the CEO until the Secretary's return.
- 12.8 Board members and committees may communicate with the CEO, CFO, or other executive team members when needed.

Article 13: Providing Board Members with Information and Communication with them

- 13.1 Executive management must provide Board members, especially non-executive members and Board committees, with all necessary information, data, documents, and records in a complete, clear, accurate, and timely manner to enable them to perform their duties effectively.
- 13.2 The company must establish a mechanism to ensure that Board members receive, meeting minutes of the Board and its committees, the Articles of Association, the corporate governance manual, Monthly, quarterly, and annual financial reports, the Board's report, any documents related to Board and committee meetings. These must be provided well in advance of the meeting.
- 13.3 All members are obligated to maintain the confidentiality of information provided to them and to take necessary measures to protect it.

Article 14: Sources and Authorities

To fulfill its oversight role, the Board shall have full authority to investigate any matter presented to it and shall have access to all company books, records, documents, and employee affairs. It has the right to consult with external parties, auditors, or consultants and to incur expenses for this purpose, all of which shall be borne by the company. The Board may also request meetings with any employee of the company or its subsidiaries, external legal counsel, external auditors, or any Board committee. Additionally, the company shall provide directors with Directors and Officers (D&O) liability insurance.

Article 15: Responsibilities and Duties of Executive Management

The responsibilities of the Executive Management include the following:

- 15.1 Implementing the company's plans, policies, strategies, and key objectives as approved by the Board.
- 15.2 Proposing a comprehensive strategy and translating it into operational plans, including major and interim business plans, investment and financing policies, risk management plans, and emergency administrative contingency plans, and executing them.
- 15.3 Preparing and presenting regular financial and non-financial reports to the Board on the company's progress in light of strategic goals.
- 15.4 Submitting proposals to the Board regarding capital structure and organizational structures.
- 15.5 Managing human, material, and financial resources optimally in alignment with the company's strategy.
- 15.6 Overseeing daily operations and ensuring efficient resource utilization in line with strategic goals and applicable laws and regulations.
- 15.7 Developing, implementing, and ensuring the effectiveness of internal control and risk management systems in alignment with the Board-approved risk appetite.
- 15.8 Developing and updating internal policies and procedures as approved by the Board.

- 15.9 Monitoring indicators relevant to the company's business environment and industry.
- 15.10 Executing policies set by the Board and the General Assembly and making decisions necessary for the company's best interests and objectives.
- 15.11 Making recommendations to the Board regarding the following:
 - 15.11.1 Proposing the company's overall strategy and investment plan.
 - 15.11.2 Setting the financial objectives of the company and its subsidiaries.
 - 15.11.3 Recommending the optimal capital allocation model for subsidiaries and other investments.
- 15.12 Proposing major capital expenditures, asset acquisitions, and disposals.
- 15.13 Implementing and overseeing internal control systems and procedures, including:
 - 15.13.1 Executing the conflict-of-interest policy.
 - 15.13.2 Properly applying financial and accounting procedures, including those related to financial reporting.
 - 15.13.3 Applying appropriate control systems to assess and manage risks by developing a general perception of the risks facing the company, fostering a risk-aware culture company-wide, and transparently presenting these risks to the Board and other stakeholders.
- 15.14 Investing in or divesting from activities outside the primary business of the company's subsidiaries.
- 15.15 Ensuring implementation and adherence to the corporate governance standards stipulated in this Policy, as approved by the Board, across the company and its subsidiaries, without contradicting the Corporate Governance Regulations, and proposing amendments when necessary.
- 15.16 Implementing procedures that ensure compliance with laws and regulations and adherence to disclosure of material information to shareholders and stakeholders.
- 15.17 Providing the Board with necessary information to carry out its functions and submitting recommendations regarding:
 - 15.17.1 Increasing or reducing the company's capital.
 - 15.17.2 Dissolving the company before the end of its specified term or deciding on its continuation.
 - 15.17.3 Use of the company's statutory reserve.
 - 15.17.4 Formation of additional reserves.
 - 15.17.5 The method for distributing the company's net profits.
- 15.18 Proposing the employee compensation policy and types of rewards.
- 15.19 Proposing a clear delegation of authority policy to executive management and outlining how it should be implemented.
- 15.20 Monitoring the financial performance of subsidiaries in light of the company's guidelines and governance model.
- 15.21 Assessing risks across subsidiaries and other investments, and making recommendations to the Board for optimal risk management.
- 15.22 Promoting a corporate culture that reflects the company's values and ethics.
- 15.23 Representing the company before regulatory authorities and coordinating with them to support legislative development and address regulatory barriers that may hinder the company's goals.

- 15.24 The CEO shall hold all powers and responsibilities stated in the company's Articles of Association.
- 15.25 Maintaining the confidentiality of information related to the company and its activities and refraining from disclosing it to third parties.
- 15.26 Establishing procedures for managing communication with various media outlets to ensure company disclosures comply with applicable laws and regulations.
- 15.27 Proposing internal policies relating to the company's operations and development, including defining the roles, responsibilities, and tasks assigned to various organizational levels.
- 15.28 Recommending a clear delegation policy and method of execution.
- 15.29 Proposing delegated authorities, decision-making processes, and delegation duration, with periodic reports submitted to the Board on the exercise of those delegated authorities.

Article 16: Review and Amendment

- 16.1 The Board shall review this Policy and recommend any amendments for approval by the General Assembly.
- 16.2 The company's Governance Department shall maintain the original signed version of this Policy.

Article 17: Effective Date of the Policy

This Policy shall be effective and implemented from the date of its approval by the Board of Directors.

Name of the Policy	Board Rules and Procedures Policy of Marafiq			
Reviewed and Amended by the Governance Department	Akram Ibrahim Hamdan	Signature:	Date	02/08/2023
	Faisal Khalaf Al-Anazi	Signature:	Date	02/08/2023
Board Secretary	Muhammed Abdulhamid Al-Mulhim	Signature:	Date	02/08/2023
Date of Policy Approved by the Board of Directors	02/08/2023			
Official Language of the Policy	Arabic is the language and English, if available, is for guidance only.			

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