



**CORPORATE GOVERNANCE MANUAL**  
**RABIGH REFINING AND PETROCHEMICAL COMPANY**  
**(PETRO RABIGH)**

## Part 1: Introductory Provisions

### 1. Introduction and Purpose

- 1.1 This Corporate Governance Manual (this “**Manual**”) of Rabigh Refining and Petrochemical Company (Petro Rabigh) (the “**Company**”) sets out the rules and standards that regulate the management of the Company with the aim of establishing an effective framework to ensure the Company’s compliance with the corporate governance requirements under the laws and regulations to which it is subject and adoption of best governance practices.
- 1.2 The provisions of this Manual are mandatory. The Company’s Board of Directors (the “**Board**” and each member of the Board, a “**Director**”) shall oversee the implementation of the measures required to ensure the Company’s compliance with this Manual.

### 2. Definitions and Abbreviations

- 2.1 The terms and expressions used in this Manual shall have the meanings assigned to them in Appendix 1, unless otherwise required by the context.

## Part 2: Rights of Shareholders

### 1. General Rights of Shareholders<sup>1</sup>

- 1.1 The Board and the Company’s senior executives (as further defined in Appendix 1) (the “**Senior Executives**” or “**Executive Management**”) shall seek to protect the rights of the Company’s shareholders (the “**Shareholders**” and each shareholder, a “**Shareholder**”) and ensure (and implement procedures to ensure) that they are enabled to exercise their rights as Shareholders without hindrance or obstruction.
- 1.2 The Board and Senior Executives shall ensure fairness and equality of treatment for all Shareholders. In particular, the Board shall not discriminate between Shareholders owning the same class of the Company’s shares (the “**Shares**”) nor prevent them from accessing any of their rights.
- 1.3 The Board shall make available to the Shareholders complete, clear, accurate and not misleading information to enable the Shareholders to properly exercise their rights. Such information shall be provided through appropriate and effective means and at the proper times and shall be updated regularly. The method used to provide information to the Shareholders shall be clear and detailed and shall include a list of the Company’s information that the Shareholders may obtain. Information shall be made available to all Shareholders of the same class, and the Company shall use the most effective methods in communicating with Shareholders and shall not discriminate among shareholders in respect of providing information.
- 1.4 The Board shall ensure effective communication between the Company and the Shareholders based on the common understanding of the Company’s strategic objectives and interests. The Chairman of the Board (the “**Chairman**”) and the Company’s President and Chief Executive Officer (the “**President and CEO**”) shall keep the Board informed of the views and opinions of the Shareholders and discuss with the Board such views and opinions.
- 1.5 The Shareholders shall enjoy all rights attaching to the Shares including the following, in particular:

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<sup>1</sup> This Section is primarily derived from Chapter 1 of Part 2 of the Saudi Corporate Governance Regulations issued by the Capital Market Authority (“**CMA**”) on February 13, 2017 (the “**CGR**”).

- (a) the right to receive their portion of the dividends declared (including in the form of newly issued Shares);
- (b) the right to receive their portion of the Company's liquidation proceeds;
- (c) the right to attend the meetings of the general assembly of Shareholders (the "**General Assembly**"), take part in their deliberations and vote on their resolutions;
- (d) the right to dispose of the Shares in accordance with the applicable laws, regulations and rules;
- (e) the right to inquire and access to the books and documents, including the data and information related to the activities of the Company and its operational and investment strategy, to such an extent as would not prejudice the Company's interests, in accordance with the applicable laws, regulations and rules<sup>2</sup>;
- (f) the right to monitor the performance of the Company and the acts of the Board;
- (g) the right to hold the Directors accountable and to institute liability actions against the Directors and challenge the resolutions of General Assembly meetings in accordance with the conditions and restrictions provided in the Companies Law and the Company's bylaws (the "**Bylaws**");
- (h) the pre-emptive right to acquire any new cash Shares issued as part of a capital increase by the Company in proportion to the Shareholders' ownership interest at the time of the capital increase, unless the extraordinary General Assembly suspends such pre-emptive right or gives priority to non-Shareholders if deemed to be in the interest of the Company in accordance with the applicable laws, regulations and rules;
- (i) the right to record their names in the Company's Shareholders register;
- (j) the right to request a copy of the Company's articles of association and Bylaws, unless they are published on the Company's website; and
- (k) the right to nominate and elect Directors in accordance with the Bylaws.

1.6 No Shareholder may intervene, in such capacity, in the operations of the Board or the Senior Executives of the Company, except through the General Assembly in accordance with its powers or the within the limits permitted by the Board.

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<sup>2</sup> All shareholders in a listed company must be in principle treated equally and have the right to inquire and have access to information about such company without prejudice to the interests of such company and in a manner that does not contradict the Capital Market Law and the Companies Law. The shareholders should have access to any information about the Company exclusively through the general meeting of shareholders, unless such information has been otherwise publicly disclosed by the Company pursuant to the CMA disclosure rules. As an exception to this general rule, the Company may disclose non-public information about itself to persons (including shareholders) with a need to have access to such information for legitimate business purposes if bound by confidentiality obligations and obligations to protect such information. Otherwise, all information provided to a shareholder (in such capacity) should be provided to all shareholders at a general meeting of shareholders, without difference in treatment of the shareholders. Given that these rules are derived from the law, the Board does not have the authority to permit exemptions on a case-by-case basis. If the information requested by the shareholders is deemed to prejudice the Company's interests, the Company may deny access to such information. In such case, and if such shareholders deems the answer to the request unsatisfactory, then they may refer the matter to the general assembly for a vote (which vote could compel the Company to disclose such information). The shareholders could also sue the Company in case it improperly withheld the requested information, which would be the case if they can prove that disclosure of the requested information would not cause prejudice to the Company's interests.

## 2. Rights of the General Assembly

- 2.1 The General Assembly is the ultimate governing body of the Company and shall be competent in all matters related to the Company. A duly convened meeting of the General Assembly shall be deemed to represent all Shareholders in exercising their rights and powers in respect of the Company. The General Assembly shall perform its role and exercise its powers in accordance with the applicable laws, regulations and rules and the Bylaws.
- 2.2 General Assembly meetings shall be convened at the invitation of the Board in accordance with the applicable laws, regulations and rules and the Bylaws. The Board shall call a meeting of the ordinary General Assembly to convene at least once annually during the six months following the end of the Company's fiscal year.<sup>3</sup>
- 2.3 The Board shall call a meeting of the ordinary General Assembly if requested to do so by: <sup>4</sup>
- (a) the Auditor (as further defined in Appendix 1);
  - (b) the Company's Audit Committee;
  - (c) a number of Shareholders representing at least 5% of the Company's capital; or
  - (d) the competent regulatory authorities (as required under the applicable laws, regulations and rules).
- 2.4 The invitation for a General Assembly meeting shall be published in a daily newspaper distributed where the Company's headquarters is located and on the websites of the Company and the Saudi Stock Exchange (Tadawul) (the "**Exchange**") at least ten days<sup>5</sup> prior to the date of the meeting. The invitation shall include the date, time and location of the meeting and shall be accompanied by a meeting agenda and appropriate briefing and supporting materials. A copy of the invitation and the agenda shall be sent, within the period set for publication, to the competent regulatory authorities (as required under the applicable laws, regulations and rules). In addition, the Company may use other methods (including methods of contemporary technology) to publish the invitation for General Assembly meetings.<sup>6</sup>
- 2.5 The Shareholders shall be allowed through the websites of the Company and the Exchange, at the time of publishing and invitation for convening a General Assembly meeting, to obtain the information related to the items listed on the agenda of the General Assembly meeting, including, in particular, financial statements and reports of the Board, the Auditor and the Audit Committee in order to enable them to make an informed decision in this regard. The Company shall update such information in case of amendments to the agenda of the General Assembly meeting.<sup>7</sup>
- 2.6 The Board shall consider the items that the Shareholders would like to add to the agenda of a General Assembly meeting. The competent regulatory authorities (as required under the applicable laws, regulations and rules) and Shareholders representing at least 5% of the Company's capital shall each have the right to add one or more items to the agenda.<sup>8</sup>
- 2.7 The Board shall, when preparing the agenda for the General Assembly meeting, present each matter as a separate and independent item, and avoid presenting two or more different matters as

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<sup>3</sup> This provision is derived from Article 13 of the CGR.

<sup>4</sup> This provision is derived from Article 90 of the Saudi Companies Law (the "**Companies Law**").

<sup>5</sup> Article 91 of the Companies Law sets a minimum notice requirement of ten days.

<sup>6</sup> These requirements are derived from Article 91 of the Companies Law and Article 13(d) of the CGR.

<sup>7</sup> These requirements are derived from Article 14(c) of the CGR.

<sup>8</sup> This requirement is derived from Article 14(a) of the CGR.

one combined item. In particular, each transaction or contract in which a Director has a direct or indirect interest shall be presented as separate and independent agenda item.<sup>9</sup>

- 2.8 The Board may amend the agenda of a General Assembly meeting after publication of the meeting invitation and before the date set for convening the meeting by publishing a revised invitation in accordance with Section 2.4 of this Manual.<sup>10</sup>
- 2.9 The Board shall ensure that Shareholders are given the opportunity to effectively participate and vote in General Assembly meetings and shall work to facilitate the participation of the largest number of Shareholders in such meetings, including by choosing the appropriate places and times for such meetings.<sup>11</sup>
- 2.10 Each Shareholder may authorize another Shareholder (other than a Director or an employee of the Company) to attend the meetings of the General Assembly on such Shareholder's behalf.<sup>12</sup>
- 2.11 The Company may use methods of contemporary technology to enable Shareholders to remotely participate in General Assembly meetings in accordance with the following rules:<sup>13</sup>
- (a) the participation of Shareholders must be through instant and live video and audio transmission; and
  - (b) the method of participation must allow Shareholders to actively and instantaneously participate in the meeting, including by listening to and following presentations, participating in discussions, presenting opinions and voting on resolutions.
- 2.12 The Company shall allow all Shareholders (including those who are not attending the relevant meeting) to electronically vote on the items included in the agenda of General Assembly meetings, in accordance with the following rules:<sup>14</sup>
- (a) the method of electronic voting must allow Shareholders to cast their votes, whether before or during the meeting, without the need to appoint a proxy to attend such meetings on their behalf; and
  - (b) the electronic voting on the agenda items of any meeting shall commence after the date of publishing the invitation for the meetings, provided that such period shall not be less than three days prior to the date set for the meeting. The electronic voting on any agenda item shall stop at the time of concluding the discussions and voting on the relevant item at the meeting.
- 2.13 The attendance and/or voting of Shareholders participating in General Assembly meetings in accordance with Sections 2.11 and/or 2.12 of Part 2 of this Manual shall be counted towards the quorum required to validly convene the relevant meeting.<sup>15</sup>
- 2.14 The Company shall ensure that Shareholders who desire to attend General Assembly meetings record their information in the relevant record of attendance at the Company's head office before the time specified for each meeting. The Company shall put in place appropriate rules and

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<sup>9</sup> This requirement is derived from Article 14(b) of the CGR.

<sup>10</sup> This requirement is derived from Article 13(e) of the CGR. The implication of this provision is that if there is an amendment to the agenda less than ten days before the meetings, the meeting will have to be pushed back to allow for a ten-day notice of the amendment.

<sup>11</sup> This requirement is derived from Article 14(g) of the CGR.

<sup>12</sup> This provision is derived from Article 86(2) of the Companies Law.

<sup>13</sup> These requirements for remote participation are derived from Article 8(a) of the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies (the "**Regulatory Rules and Procedures**").

<sup>14</sup> These requirements for electronic voting are derived from Article 8(b) of the Regulatory Rules and Procedures.

<sup>15</sup> This provision is derived from Article 10 of the Regulatory Rules and Procedures.

guidelines for verifying the identities of the Shareholders participating in such meetings through the use of contemporary technology. The Company shall also verify the eligibility of each Shareholder to vote on the relevant agenda items in accordance with the applicable laws and regulations.<sup>16</sup>

- 2.15 General Assembly meetings shall be presided over by the Chairman or, in the absence of the Chairman, the Deputy Chairman or, in the absence of both the Chairman and the Deputy Chairman, any other Director delegated by the Board for such task.<sup>17</sup> The chairman of the General Assembly shall ensure that Shareholders are granted the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedures that may prevent their attendance or voting in such meetings. Shareholders shall also be informed of the rules governing such meetings and the voting procedures.<sup>18</sup>
- 2.16 During a General Assembly meeting, each Shareholder shall have the right to discuss the items listed in the agenda of the meeting and to direct questions in respect thereof to the Directors and the Auditor. The Directors or the Auditor shall answer the Shareholders' questions to such an extent as would not jeopardize the Company's interest. If the Shareholder deems the answer to the question unsatisfactory, then such Shareholder may refer the matter to the General Assembly and its decision in this regard shall be final and conclusive.<sup>19</sup>
- 2.17 The Company shall announce to the public, and inform the Exchange and the competent regulatory authorities (as required under the applicable laws, regulations and rules) of, the results of any General Assembly meeting immediately upon its conclusion. The Board shall enable the Shareholders to peruse the minutes of General Assembly meetings and shall, within ten days of concluding the meeting, provide a copy of such minutes to the competent regulatory authorities (as required under the applicable laws, regulations and rules).
- 2.18 The rules applicable to General Assembly meetings under this Section 2 shall also be applicable to special assembly meetings (in respect and within the limits of the specific rights granted to the relevant group of Shareholders).<sup>20</sup>

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<sup>16</sup> This requirement is derived from Article 9 of the Regulatory Rules and Procedures. Note that verifying eligibility includes, among other things, verifying the ownership of shares and identifying conflict of interest situations that preclude a shareholder from voting.

<sup>17</sup> This requirement is derived from Article 86(1) of the Companies Law.

<sup>18</sup> These requirements are derived from Article 15(b) of the CGR.

<sup>19</sup> These requirements are derived from Article 96 of the Companies Law.

<sup>20</sup> Special assembly meetings relate to specific groups of shareholders/investors who are granted rights that are distinctive from other shareholders (e.g., holders of preferred shares).

## Part 3: Board of Directors

### 1. Organization and Membership

- 1.1 The Board shall be composed of nine members. The majority of Board members shall be non-executive Directors and the number of independent Directors shall not be less than three members.<sup>21</sup>
- 1.2 The Board shall be formed in accordance with the provisions of the Bylaws. The process of nominating, electing and terminating the membership of Directors (among other things) shall be in accordance with the rules, standards and procedures set out in the Company's Nomination Policy which shall be issued in accordance with Section 2.6 of Part 9 of this Manual (the "**Nomination Policy**").
- 1.3 The Company shall inform the competent regulatory authorities (as required under the applicable laws, regulations and rules) of the name, position and independence of each Director, and any changes thereto, within a period of five business days from the date on which a Director is appointed (or the date on which a new term of the Board commences, whichever is earlier), or a change in any of the forgoing occurs.<sup>22</sup>
- 1.4 If a Director's membership in the Board is terminated for any reason, the Company shall immediately announce to the public, and inform the Exchange and the competent regulatory authorities (as required under the applicable laws, regulations and rules) of, such termination and specify the reasons for the same.<sup>23</sup>

### 2. Meetings and Proceedings

- 2.1 The meetings and proceedings of the Board shall be governed by the provisions of the Bylaws.
- 2.2 The Board shall convene regular meetings to perform its duties effectively, and shall also convene meetings whenever needed, provided that it shall meet at least four times a year.<sup>24</sup>
- 2.3 A meeting of the Board shall be convened by written notice given by the Chairman<sup>25</sup> to each Director not less than 14 days prior to the date set for the meeting, except in cases of urgency where a meeting may be convened on shorter notice upon the approval of a majority of the Directors. The notice shall include the date, time and location of the meeting and shall be accompanied by a meeting agenda and appropriate briefing materials to the Directors. The Board shall meet at such times and places as it deems appropriate to fulfill its responsibilities.
- 2.4 The meetings of the Board may be convened in person, by telephone, video teleconference or any other similar communication method approved by the Board and which allows the Directors to hear each other instantaneously.
- 2.5 Each Director shall have the right to propose adding one or more items to the Board meeting agenda. The Board shall approve the meeting agenda at the time of convening the meeting. Should

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<sup>21</sup> This provision is derived from Article 17 of the Bylaws.

<sup>22</sup> This requirement is derived from Article 17(d) of the CGR.

<sup>23</sup> This requirement is derived from Article 19(b) of the CGR.

<sup>24</sup> This provision is derived from Article 23 of the Bylaws.

<sup>25</sup> Pursuant to Article 83(1) of the Companies Law, notices for Board meeting should be given by the Chairman, though in practice a notice (signed by the Chairman) could be distributed by the Secretary at the request of the Chairman.

- any of the Directors raise an objection in respect of the meeting agenda, such objection shall be recorded in the minutes of meeting.<sup>26</sup>
- 2.6 Only the Directors and the Secretary will be entitled to attend meetings of the Board. However, others may attend such meetings at the invitation of the Board.
- 2.7 A Board meeting shall be valid only if attended by at least seven Directors (or six Directors where the resolution to be passed is to fill a vacancy on the Board), attending the meeting in person or by proxy.<sup>27</sup>
- 2.8 All decisions and actions of the Board shall be approved by a resolution passed by at least seven Directors (or six Directors where the resolution to be passed is solely to fill a vacancy on the Board). The Chairman shall not have a casting vote in the event of a tie.<sup>28</sup>
- 2.9 The Board may adopt resolutions in a meeting or by circulating the proposed resolutions in writing or in electronic format to all the Directors separately for their approval and signature, unless a Director requests to hold a meeting to deliberate such resolutions. Written resolutions shall be adopted with the approval and signature of at least seven Directors (or six Directors where the resolution to be passed is to fill a vacancy on the Board). These resolutions shall be presented to the Board at its next meeting for inclusion in the minutes of the meeting.<sup>29</sup>
- 2.10 In the event that a Director gives a proxy to another Director to attend a meeting of the Board on his or her behalf, then such a proxy shall be given in accordance with the following:<sup>30</sup>
- (a) a Director may not act for more than one other Director in respect of attending a meeting of the Board;
  - (b) a proxy shall be in writing and notice of such appointment sent to the Secretary prior to such Board meeting; and
  - (c) a Director acting by proxy may not vote on resolutions on which his principal is prohibited from voting.
- 2.11 If any of the Directors has remarks in respect of the performance of the Company or any of the matters discussed (but not resolved) during the meeting, such remarks together with the actions taken or to be taken by the Board in respect thereof shall be recorded in the minutes of meeting. If a Director expresses disagreement with any of the resolutions of the Board, such disagreement shall be recorded in the minutes of meeting.<sup>31</sup>
- 2.12 The deliberations and the resolutions of the Board shall be recorded in the minutes, which shall be signed by the Chairman (or, in his or her absence, the attending chair), the attending Directors and the Secretary. The minutes shall be recorded in a special register, which shall also be signed by the Chairman and the Secretary.<sup>32</sup>

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<sup>26</sup> This requirement is derived from Article 35 of the CGR.

<sup>27</sup> This requirement is derived from Article 24 of the Bylaws.

<sup>28</sup> This requirement is derived from Article 24 of the Bylaws.

<sup>29</sup> This requirement is derived from Article 24 of the Bylaws.

<sup>30</sup> This requirement is derived from Article 24 of the Bylaws.

<sup>31</sup> This requirement is derived from Article 33 of the CGR.

<sup>32</sup> These requirements are derived from Article 85 of the Companies Law.



### 3. Competencies, Duties and Powers<sup>33</sup>

- 3.1 Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with full powers to manage the business of the Company to achieve its objectives. The competencies and powers of the Board shall include, in particular, those set out in applicable laws, regulations and rules and the Bylaws.
- 3.2 The Board shall fulfill its duties of care and loyalty in managing the Company and shall seek to protect the Company's interest, achieve its objectives and maximize its value. Each Director shall represent all Shareholders and undertakes to act in the general interest of the Company and not in the interest of the Shareholder (or group of Shareholders) that voted in favor of his/her appointment. The Directors shall prioritize the interests of the Company and its Shareholders over their personal interests in accordance with applicable laws, regulations and rules.
- 3.3 The Board shall remain ultimately responsible for the business and activities of the Company, including in respect of the powers and functions delegated by the Board to any committees, individuals or other third parties. The Board shall refrain from issuing general or indefinite delegations.
- 3.4 The duties, competencies and powers of the Chairman, Deputy Chairman and the Secretary shall be as set out in the Bylaws and the Company's Signature and Approval Authority Management Guide which shall be issued in accordance with Section 2.2 of Part 9 of this Manual (the "**Management Guide**").

### 4. Development, Support and Evaluation<sup>34</sup>

- 4.1 The Company shall pay adequate attention to the training and development of Directors and Senior Executives and develop appropriate programs required for the same, taking into account the following (without limitation):
- (a) developing programs for new Directors and Senior Executives aimed at (among other things) familiarizing them with the progress of the Company's business and activities, including:
    - the strategy and objectives of the Company;
    - the financial and operational aspects of the Company's activities;
    - the obligations, duties, responsibilities and rights of Directors and Senior Executives; and
    - the duties and competencies of the Committees.
  - (b) developing continuing education and training programs for current Directors and Senior Executives, including in the sectors in which the Company operates.
- 4.2 The Senior Executives shall regularly provide the Board (particularly non-executive Directors), and the Committees of the Board (the "**Committees**") with all the necessary information, documents and records in a timely manner and in a form that is complete, clear, correct and non-misleading to enable them to perform their duties, responsibilities and obligations.

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<sup>33</sup> This Section is primarily derived from Chapter 2 of Part 3 of the CGR.

<sup>34</sup> This Section is primarily derived from Articles 39 and 40 of the CGR.

4.3 The performance of Directors, Senior Executives and members of the Committees shall be evaluated annually in accordance with the rules and procedures to be set out in further detail in the Nomination Policy.

## **5. Remuneration**

5.1 The Directors shall be remunerated in accordance with the Bylaws and the Company's Remuneration Policy which shall be issued in accordance with Section 2.7 of Part 9 of this Manual (the "**Remuneration Policy**").

5.2 The remuneration of Directors, Senior Executives and members of the Committees shall be subject to the disclosure requirements set out in the Remuneration Policy and the Company's Disclosure Controls and Procedures Policy which shall be issued in accordance with Section 2.2 of Part 9 of this Manual (the "**Disclosure Policy**").

## **Part 4: Committees of the Board of Directors**

### **1. General Provisions**

1.1 The Company shall have four primary permanent Committees, as follows:

- (a) the Audit Committee;
- (b) the Nomination and Remuneration Committee;
- (c) the Executive Committee; and
- (d) the Marketing Steering Committee.

1.2 The Board may create one or more additional Committees as needed by the Company in light of its circumstances to perform any role that the Board shall from time to time assign to such Committees. The Board shall, by a resolution to that effect, and in accordance with the applicable laws, regulations and rules, issue the charter of each additional Committee, which shall set out (among other things) such Committee's composition rules, mandate, powers and procedures as well as the remuneration of its members.

1.3 Each Committee shall have its own charter that shall set out (among other things) such Committee's composition rules, mandate, powers and procedures as well as the remuneration of its members. These charters should be consulted for more information.

### **2. Audit Committee<sup>35</sup>**

2.1 An Audit Committee shall be formed by a resolution of the ordinary General Assembly.

2.2 The ordinary General Assembly shall, by a resolution to that effect following a recommendation by the Board, issue the charter of the Audit Committee, which shall set out (among other things) the Audit Committee's composition rules, mandate, powers and procedures as well as the remuneration of its members and the mechanism of appointing temporary replacement members.

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<sup>35</sup> This Section is primarily derived from Article 101 of the Companies Law and Article 54 of the CGR.

### **3. Nomination and Remuneration Committee<sup>36</sup>**

- 3.1 A Nomination and Remuneration Committee shall be formed by a resolution of the ordinary General Assembly.
- 3.2 The ordinary General Assembly shall, by a resolution to that effect following a recommendation by the Board, issue the charter of the Nomination and Remuneration Committee, which shall set out (among other things) the Nomination and Remuneration Committee's composition rules, mandate, powers and procedures as well as the remuneration of its members and the mechanism of appointing temporary replacement members.

### **4. Executive Committee**

- 4.1 An Executive Committee shall be formed by a resolution of the Board.
- 4.2 The Board shall, by a resolution to that effect, issue the charter of the Executive Committee, which shall set out (among other things) the Executive Committee's composition rules, mandate, powers and procedures as well as the remuneration of its members and the mechanism of appointing temporary replacement members.

### **5. Marketing Steering Committee**

- 5.1 A Marketing Steering Committee shall be formed by a resolution of the Board.
- 5.2 The Board shall, by a resolution to that effect, issue the charter of the Marketing Steering Committee, which shall set out (among other things) the Marketing Steering Committee's composition rules, mandate, powers and procedures as well as the remuneration of its members and the mechanism of appointing temporary replacement members.

## **Part 5: Management and Management Committees**

### **1. Management**

- 1.1 The Board shall appoint the Company's Senior Executives and regulate, monitor and oversee their operations and ensure their effectiveness in performing the tasks and duties assigned them.<sup>37</sup>
- 1.2 Subject to the powers and authorities of the Board, the Senior Executives shall be responsible for overall day-to-day management of the Company, including proposing and implementing the Company's main plans, policies and strategies.
- 1.3 The duties, responsibilities and powers of the Senior Executives shall be as set out in further detail in the Bylaws and the Management Guide.

### **2. Management Committees**

- 2.1 The Company may form management-level committees (the "**Management Committees**") as needed by the Company in light of its circumstances to perform any role that the Senior Executives shall from time to time assign to such Management Committees in accordance with the Management Guide.

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<sup>36</sup> This Section is primarily derived from Articles 60 and 64 of the CGR.

<sup>37</sup> This provision is derived from Article 25 of the CGR.

## **Part 6: Internal Control and Audit<sup>38</sup>**

### **1. Internal Control and Audit System**

- 1.1 The Board shall approve an internal control and audit system (the “**Internal Control System**”) in order to assess the policies and procedures relating to risk management, implementation of the Company’s governance rules and compliance with the relevant laws and regulations.<sup>39</sup>
- 1.2 The Internal Control System shall be developed with the aim of ensuring compliance with clear accountability standards at all of the Company’s executive levels, and that related party transactions are implemented in accordance with the relevant laws and regulations.

### **2. Internal Audit Department**

- 2.1 The Company shall establish the Internal Audit Department in order to assess and monitor the implementation of the Internal Control System, and verify that the Company and its employees comply with the applicable laws, regulations, rules and instructions, and the Company’s policies and procedures.
- 2.2 The Internal Audit Department shall operate in accordance with the Company’s Internal Audit Charter, which shall be adopted by a resolution of the Audit Committee, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

## **Part 7: External Auditor<sup>40</sup>**

### **1. Appointment**

- 1.1 The Company shall assign the function of auditing its annual accounts to one or more independent and competent external auditors (the “**Auditor**”) who shall possess the necessary expertise and qualifications to prepare an objective and independent report to the Board and the Shareholders, setting out whether the Company’s financial statements clearly and impartially reflect the financial position of the Company and its performance in all material respects.
- 1.2 The ordinary General Assembly shall, based on a recommendation by the Board, appoint the Auditor and determine the Auditor’s remuneration and duration of work. The appointment of the Auditor shall be in accordance with the following rules:
  - (a) the recommendation of the Board shall be based on a recommendation by the Audit Committee;
  - (b) the Auditor shall be authorized and licensed to practice by the relevant authorities in the Kingdom of Saudi Arabia;
  - (c) the Auditor shall be independent and shall not have interests that conflict with the Company’s interests;
  - (d) the number of Auditors presented before the ordinary General Assembly for appointment shall not be less than two; and

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<sup>38</sup> This Section is primarily derived from Part 5 of the CGR.

<sup>39</sup> Please note that the Internal Audit Charter sets out the high-level framework. The detailed internal control and audit procedures are generally flexible in terms of the form.

<sup>40</sup> This Section is primarily derived from Part 6 of the CGR.

- (e) the ordinary General Assembly may further reappoint the same Auditor, provided that no single Auditor is appointed for a period of more than five consecutive years. An Auditor who exceeds this period may be reappointed after two years from the date on which such period expires.<sup>41</sup>
- 1.3 The ordinary General Assembly may replace the Auditor at any time without prejudice to the dismissed Auditor's right for compensation if such dismissal is made without an acceptable justification or at an improper time.<sup>42</sup>
- 2. Duties, Responsibilities and Rights of the Auditor**
- 2.1 The Auditor shall:
  - (a) owe duties of loyalty and care to the Company; and
  - (b) notify the competent regulatory authorities (as required under the applicable laws, regulations and rules) if the Board fails to take appropriate actions in respect of suspicious issues raised by the Auditor.
- 2.2 The Auditor shall have access at all time to the Company's books, records and any other documents, and may request information or clarification as the Auditor deems necessary to verify the Company's assets and liabilities and perform any other duties within the scope of the audit work. The Chairman shall ensure that the Auditor is able to perform its duties and responsibilities. The Auditor shall also report to the Board any difficulties encountered in the performance of the Auditor's duties and responsibilities. In the event that the Board obstructs or fails to facilitate the performance of the Auditor's duties, the Auditor shall request the Board to convene an ordinary General Assembly meeting to consider the matter. The Auditor may call a meeting of the ordinary General Assembly if the Board fails to do so within 30 days of the date the Auditor's request.
- 2.3 The Auditor shall be liable to compensate the Company, the Shareholders and third parties for any damages arising as a result of the Auditor's errors during the course of the Auditor's engagement. If an error is attributable to more than one Auditor, both Auditors shall be jointly liable.
- 2.4 The duties, responsibilities and rights of the Auditor shall be governed by the relevant laws, regulations and rules and the provisions of the Bylaws.

## **Part 8: Disclosure and Transparency**

### **1. General Provisions**

- 1.1 The Company shall comply with the applicable disclosure rules, requirements and procedures under the relevant laws, regulations and rules and the Disclosure Policy.
- 1.2 The Company shall ensure that all disclosures are complete, clear, accurate and not misleading and that they are provided to all Shareholders equally and without discrimination.

### **2. Specific Disclosures**

- 2.1 The Company shall notify the competent authorities and the public without delay (as required under the applicable laws, regulations and rules) of any material developments in its sphere of activity which are not public knowledge and which may affect the Company's assets and liabilities or

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<sup>41</sup> This requirement is derived from Article 133 of the Companies Law.

<sup>42</sup> This requirement is derived from Article 133 of the Companies Law.

financial position or on the general course of the business of the Company or its subsidiaries and which may lead to movements in the price of the Company's listed securities or significantly affect the Company's ability to meet its commitments in respect of debt instruments in accordance with the rules set out in the Disclosure Policy.<sup>43</sup>

- 2.2 The Company shall disclose its financial information in accordance with applicable laws, regulations and rules set out in the Disclosure Policy.<sup>44</sup>
- 2.3 The Board shall issue an annual report including (among other things) a review of the operations of the Company during the last financial year and of all relevant factors affecting the Company's business. Such report shall be prepared and disclosed in accordance with applicable laws and regulations and the rules set out in the Disclosure Policy.<sup>45</sup>
- 2.4 The Audit Committee shall issue an annual report including (among other things) its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems of the Company as well as the tasks undertaken by the Audit Committee within its competence. Such report shall be prepared and disclosed in accordance with the applicable laws, regulations and rules set out in the Disclosure Policy and the Audit Committee Charter.<sup>46</sup>

## Part 9: Internal Policies

### 1. General Provisions

- 1.1 The Company shall establish appropriate internal policies and procedures to regulate the various aspects of the Company's operations, management, processes and governance.
- 1.2 In addition to the main policies set out in Section 2 below, the Company may from time to time issue additional policies as needed in light of its circumstances. The authority to issue such additional policies shall be set out in the Management Guide.

### 2. Main Policies

- 2.1 Conflict of Interest and Business Ethics Policy:<sup>47</sup>
  - (a) The Company shall establish a written and clear conflict of interest and business ethics policy (the "**Conflict of Interest and Business Ethics Policy**") regulating actual and potential conflict of interest situations, which may affect the performance of the Board, the Senior Executives or any other employees of the Company when dealing with the Company or other stakeholders. It shall further set out the Company's guidelines for professional conduct and code of business ethics. The Conflict of Interest and Business Ethics Policy shall be prepared in accordance with applicable laws, regulations and rules.
  - (b) The Conflict of Interest and Business Ethics Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

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<sup>43</sup> This provision is derived from Article 41 of the Saudi Listing Rules (the "**Listing Rules**").

<sup>44</sup> This provision is derived from Article 42 of the Listing Rules.

<sup>45</sup> This provision is derived from Article 43 of the Listing Rules, Article 90 of the CGR and Article 126 of the Companies Law.

<sup>46</sup> This requirement is derived from Article 104 of the Companies Law and Article 91 of the CGR.

<sup>47</sup> The Conflict of Interest Business Ethics Policy is derived from Articles 43 and 86 of the CGR.

## 2.2 Disclosure Policy:<sup>48</sup>

- (a) The Company shall establish a written Disclosure Policy setting out the rules, procedures and controls related to disclosure pursuant to the disclosure requirements under the relevant laws, regulations and instructions. The Disclosure Policy shall be prepared in accordance with applicable laws, regulations and rules.
- (b) The Disclosure Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

## 2.3 Dividend Distribution Policy:<sup>49</sup>

- (a) The Company shall establish a written and clear dividend distribution policy (the “**Dividend Distribution Policy**”) regulating distribution of dividends to Shareholders with the aim of achieving the interest of the Company and the Shareholders in accordance with the Bylaws.
- (b) The Dividend Distribution Policy shall be adopted by a resolution of the Board and shall enter into effect and be amended, as necessary, in accordance with its provisions.

## 2.4 Stakeholder Policy:<sup>50</sup>

- (a) The Company shall establish a written and clear stakeholder protection/relationship policy (the “**Stakeholder Policy**”) regulating the relationship with stakeholders with the aim of protecting them and safeguarding their rights. The Stakeholder Policy shall be prepared in accordance with applicable laws, regulations and rules.
- (b) The Stakeholder Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

## 2.5 Insider Trading Policy:<sup>51</sup>

- (a) The Company shall establish a written insider trading policy (the “**Insider Trading Policy**”) regulating the trading in the Company’s securities by Directors, Senior Executives, other employees of the Company and other persons with the aim of ensuring compliance with the insider trading laws, regulations and rules to which the Company is subject.
- (b) The Insider Trading Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

## 2.6 Nomination Policy:<sup>52</sup>

- (a) The Company shall establish a written Nomination Policy setting out (among other things) clear policies and standards for membership in the Board and appointment to Executive Management positions in accordance with applicable laws, regulations and rules and the Bylaws.

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<sup>48</sup> The Disclosure Policy is derived from Article 89 of the CGR.

<sup>49</sup> The Dividend Distribution Policy is derived from Article 9(b) of the CGR.

<sup>50</sup> The Stakeholder Protection Policy is derived from Articles 22(4) and 83 of the CGR.

<sup>51</sup> Although having an Insider Trading Policy is not required by law in the Kingdom, it is fairly common for listed companies in the Kingdom to have this policy. There are specific Saudi legal requirements that will have to be taken into consideration.

<sup>52</sup> The Nomination Policy is derived from Articles 22(3) and 65(1) of the CGR.

- (b) The Nomination Policy shall be adopted by a resolution of the ordinary General Assembly, following a recommendation by the Board (which recommendation shall be based on the recommendation of the Nomination and Remuneration Committee), and shall enter into effect and be amended, as necessary, in accordance with its provisions.

#### 2.7 Remuneration Policy:<sup>53</sup>

- (a) The Company shall establish a written Remuneration Policy setting out (among other things) clear policy regulating the remuneration of Directors, the Committees of the Board, and Senior Executives and, as appropriate, other executives and officers of the Company in accordance with applicable laws, regulations and rules and the Bylaws.
- (b) The Remuneration Policy shall be adopted by a resolution of the ordinary General Assembly, following a recommendation by the Board (which recommendation shall be based on the recommendation of the Nomination and Remuneration Committee), and shall enter into effect and be amended, as necessary, in accordance with its provisions.

#### 2.8 Whistleblowing Policy:<sup>54</sup>

- (a) The Company shall establish a written whistleblowing policy (the “**Whistleblowing Policy**”) regulating the Company’s arrangements for its employees and stakeholders to raise concerns, in confidence, about possible cases of non-compliance or wrongdoings in financial reporting (including financial, accounting or auditing matters) or other matters.
- (b) The Whistleblowing Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

#### 2.9 Risk Management Policy:<sup>55</sup>

- (a) The Company shall establish a written risk management policy (the “**Risk Management Policy**”) setting out the Company’s strategies and procedures for risk assessment and management in line with the nature and volume of the Company’s activities and operations.
- (b) The Risk Management Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee<sup>56</sup>, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

#### 2.10 Compliance Policy:<sup>57</sup>

- (a) The Company shall establish a written compliance policy (the “**Compliance Policy**”) with the aim of ensuring the Company’s compliance with the applicable laws, regulations and rules.
- (b) The Compliance Policy shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

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<sup>53</sup> The Remuneration Policy is derived from Article 61(1) of the CGR.

<sup>54</sup> The Whistleblowing Policy is derived from Article 84 of the CGR.

<sup>55</sup> The Risk Management Policy is derived from Articles 22(1) and 71(1) of the CGR.

<sup>56</sup> The internal authority responsible for monitoring this policy to be confirmed based on the decision of whether to form a Risk Management Committee or not. If the Risk Management Committee is not formed, there is flexibility in assigning this policy internally.

<sup>57</sup> The Compliance Policy is derived from Article 22(5) of the CGR.



## 2.11 Management Guide:<sup>58</sup>

- (a) The Company shall establish a detailed written Management Guide to determine the powers delegated to the Senior Executives and other members of the Company's management (including setting out an authority matrix) and regulate the procedures for the delegation of authority within the Company.
- (b) The Management Guide shall be adopted by a resolution of the Board and shall enter into effect and be amended, as necessary, in accordance with its provisions.

## 2.12 Social Responsibility Policy:<sup>59</sup>

- (a) The Company shall establish a written social responsibility policy (the "**Social Responsibility Policy**") regulating the Company's social responsibility activities and contributions with the aim of striking a balance between the Company's objectives and those of the community for the purpose of developing the social and economic conditions of the community.
- (b) The Social Responsibility Policy shall be adopted by a resolution of the ordinary General Assembly, following a recommendation by the Board, and shall enter into effect and be amended, as necessary, in accordance with its provisions.

## 3. List of Policies

- 3.1 A list of policies and charters adopted (or to be adopted) by the Company is provided in Appendix 2 ("**List of Policies**").
- 3.2 The Company's management is authorized to update the List of Policies to reflect the latest status of each of the listed policies and charters.

## Part 10: Retention of Documents

### 1. Retention of Documents<sup>60</sup>

- 1.1 The Company shall retain all minutes, documents, reports and other papers (including the reports of the Board and the Audit Committee) that are relevant to this Manual and are required to be maintained under applicable laws and regulations in the Company's head office for a period of not less than ten years. Without prejudice to this period, the Company, in case of any lawsuit (filed or threatened to be filed), ongoing claim or any investigation relating to such minutes, documents, reports or papers, shall maintain the same until such ongoing lawsuit, claim or investigation is concluded.

## Part 11: Closing Provisions

### 1. Entry to Effect and Review

- 1.1 This Manual shall be adopted by a resolution of the Board, following a recommendation by the Audit Committee, and shall enter into effect from the date on which it is approved by the Board.

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<sup>58</sup> The Management Guide is derived from Article 23(2) of the CGR.

<sup>59</sup> The Social Responsibility Policy is derived from Article 87 of the CGR.

<sup>60</sup> This requirement is derived from Article 96 of the CGR.

- 1.2 The Audit Committee shall periodically review the provisions of this Manual and recommend any amendments thereto to the Board.
- 1.3 Any amendments to this Manual shall be adopted in the same manner in which this Manual was adopted.

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## Appendix 1 Definitions and Abbreviations

<b>Auditor</b> .....	The external auditors appointed by the Company in accordance with Section 1 of Part 7 of this Manual
<b>Board</b> .....	Board of Directors of the Company
<b>Bylaws</b> .....	Bylaws of the Company
<b>Chairman</b> .....	Chairman of the Board
<b>Committees</b> .....	Audit Committee, Nomination and Remuneration Committee, Executive Committee and Marketing Steering Committee in addition to any other committee formed in accordance with Section 1.2 of Part 4
<b>Company</b> .....	Rabigh Refining and Petrochemical Company (Petro Rabigh)
<b>Conflict of Interest and Business Ethics Policy</b> .....	Conflict of Interest and Business Ethics Policy of the Company, which shall be issued in accordance with Sections 2.1 and 2.9 of Part 9 of this Manual
<b>Director</b> .....	Member of the Board
<b>Disclosure Policy</b> .....	Disclosure Controls and Procedures Policy of the Company, which shall be issued in accordance with Section 2.2 of Part 9 this Manual
<b>Dividend Distribution Policy</b> .....	Dividend Distribution Policy of the Company, which shall be issued in accordance with Section 2.3 of Part 9 of this Manual
<b>Exchange</b> .....	The Saudi Stock Exchange (Tadawul)
<b>General Assembly</b> .....	General assembly of the Shareholders convened in accordance with the Bylaws
<b>Internal Control System</b> ...	Internal control and audit system of the Company
<b>Insider Trading Policy</b> .....	Insider Trading Policy of the Company, which shall be issued in accordance with Section 2.5 of Part 9 of this Manual
<b>Management Committees</b>	Management-level committee of the Company, which are formed in accordance with Section 2 of Part 5 of this Manual
<b>Management Guide</b> .....	Signature and Approval Authority Management Guide of the Company, which shall be issued in accordance with Section 2.11 of Part 9 of this Manual
<b>Manual</b> .....	This Corporate Governance Manual
<b>Nomination Policy</b> .....	Nomination Policy of the Company, which shall be issued in accordance with Section 2.6 of Part 9 of this Manual
<b>President and CEO</b> .....	President and Chief Executive Officer of the Company
<b>Remuneration Policy</b> .....	Remuneration Policy of the Company, which shall be issued in accordance with Section 2.7 of Part 9 of this Manual

<b>Risk Management Policy ..</b>	Risk Management Policy of the Company, which shall be issued in accordance with Section 2.9 of Part 9 of this Manual
<b>Secretary .....</b>	Secretary of the Board
<b>Senior Executives or Executive Management .....</b>	Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, including the President and CEO, his deputies and the CFO
<b>Shareholders .....</b>	Shareholders of the Company
<b>Shares .....</b>	Shares of the Company
<b>Social Responsibility Policy .....</b>	Social Responsibility Policy of the Company, which shall be issued in accordance with Section 2.12 of Part 9 of this Manual
<b>Stakeholder Policy .....</b>	Stakeholder Protection/Relationship Policy of the Company, which shall be issued in accordance with Section 2.4 of Part 9 of this Manual
<b>Whistleblowing Policy .....</b>	Whistleblowing Policy of the Company, which shall be issued in accordance with Section 2.8 of Part 9 of this Manual

**Appendix 2  
List of Policies**

	<b>Policy/Charter</b>	<b>Approval Authority</b>	<b>Internal Responsible Entity</b>	<b>Status</b>
1.	Audit Committee Charter	Shareholders	Audit Committee	Last Updated on June 13, 2017
2.	Nomination and Remuneration Committee Charter	Shareholders	Nomination and Remuneration Committee	Approved by the Board on April 8, 2008. <b>Action Required:</b> needs to be approved by the General Assembly
3.	Risk Management Committee Charter	Board	Audit Committee	<b>Action Required:</b> Company to confirm decision on forming a Risk Management Committee
4.	Executive Committee Charter	Board	Executive Committee	Approved on December 15, 2016
5.	Marketing Steering Committee Charter	Board	Marketing Steering Committee	Last Updated July 11, 2013
6.	Conflict of Interest and Business Ethics Policy	Board	Audit Committee	Approved May 7, 2013
7.	Disclosure Policy	Board	Audit Committee	Approved May 7, 2013
8.	Dividend Distribution Policy	Board	Finance Department	Approved February 18, 2012
9.	Stakeholder Policy	Board	Audit Committee	<b>Action Required:</b> Company to finalize draft
10.	Insider Trading Policy	Board	Audit Committee	<b>Action Required:</b> Company to finalize draft
11.	Nomination Policy	Shareholders	Nomination and Remuneration Committee	<b>Action Required:</b> Company to finalize draft
12.	Remuneration Policy	Shareholders	Nomination and Remuneration Committee	<b>Action Required:</b> Company to finalize draft
13.	Whistleblowing Policy	Board	Audit Committee	<b>Action Required:</b> Company to finalize draft
14.	Risk Management Policy	Board	Audit Committee	<b>Action Required:</b> Company to finalize draft
15.	Compliance Policy	Board	Audit Committee	<b>Action Required:</b> Company to finalize draft
16.	Management Guide	Board	Finance Department	Last Updated on August 14, 2017

	<b>Policy/Charter</b>	<b>Approval Authority</b>	<b>Internal Responsible Entity</b>	<b>Status</b>
17.	Social Responsibility Policy	Shareholders	Nomination and Remuneration Committee	<b><u>Action Required:</u></b> Company to finalize draft
18.	Hedging Policy	Board	Finance Department	Approved on May 17, 2006
19.	Marketing Credit Policy	Board	Marketing Steering Committee	Last updated on April 22, 2016
20.	Cash Management Policy	Board	Finance Department	Last updated on May 7, 2013
21.	Internal Audit Charter	Audit Committee	Audit Committee	Approved by the Audit Committee on May 4, 2017