

Rabigh Refining & Petrochemical Company, Petro Rabigh

Corporate Governance Code

Contents

Part 1: Preliminary Provisions	3
1: Preamble	3
2: Definitions	3
Part 2: Rights of Shareholders and the General Assembly	4
3: General Rights of Shareholders	4
4: Facilitation of Shareholders' Exercise of Rights and Access to Information	5
5: Shareholders' Rights related to the General Assembly	6
6: Voting Rights	7
7: Shareholders Dividends Rights	7
Part 3: Disclosure and Transparency	8
8: Policies and Procedures Related to Disclosure	8
Part 4: Board of Directors	14
9: Main Functions & Responsibilities of the Board	14
10: Constitution of the Board of Directors	15
11: Board Committees and their Independence	15
12: Audit Committee	16
13: Nomination, Remuneration & Compensation Committee	16
14: Board Meetings and Agenda	17
15: Remuneration & Compensation of Board of Directors	18
16: Policies, Standards & Procedure for the Board of Directors Membership	18
17: Policy & Procedure for New Board Members Orientation	21
Part 5: Conflict of Interest Policies	21
18: Conflict of Interest Policy for Related Parties	22
19: Petro Rabigh Employees Business Ethics & Conflict of Interest Policy	22
20: Company Policy to Regulate the Relationship with Stakeholders when Performing Corporate Social Responsibility (CSR) Activities.	26
Part 6: Closing Provisions	27
21: Supervision of Petro Rabigh Corporate Governance Code and Monitoring its Effectiveness	27
22: Entry Into Force	27

Part 1: Preliminary Provisions

Article 1: Preamble

This Corporate Governance Code is prepared in compliance with the Capital Market Authority (CMA) Corporate Governance Regulations, Part 4, Article 10- C.

This Code is not to replace any of the rules or regulations issued by the CMA or the Companies' Regulations issued by the Ministry of Commerce & Industry in Saudi Arabia and any updates in these rules, regulations are to be reflected in this code.

Petro Rabigh complies to all rules and regulations issued by the CMA and the Companies' Regulations issued by the Ministry of Commerce & Industry in Saudi Arabia in all matters not specifically provided for in this code. And in case of any observations of diversion or contradiction in this code to the mentioned rules, regulations, these rules, regulations are to be applied.

Article 2: Definitions

For the purpose of implementing these regulations, the following expressions and terms shall have the meaning they bear as follows:

Company: Rabigh Refining & Petrochemical Company

Petro Rabigh: Rabigh Refining & Petrochemical Company

Founding Shareholders: Saudi Aramco & Sumitomo Chemical Co.

Independent Member: A member of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute an infringement of such independence:

- He holds a (5%) or more of the issued shares of the company or any of its group (if any).
- Being a representative of a legal person that holds a (5%) or more of the issued shares of the company or any of its group (if any).
- He, during the preceding two years, has been a senior executive of the company or of any other company within its group (if any).
- He is a first-degree relative of any board member of the company or of any other company within its group (if any).
- He is a first-degree relative of any of senior executives of the company or of any other company within its group (if any).
- He is a board member of any company within the group of the company which he is nominated to be a board member of.
- If he, during the preceding two years, has been an employee with an affiliate of the company or an affiliate of any company of its group, (if any). such as external auditors or main suppliers; or if he, during the preceding two years, had a controlling interest in any such party.

Non-executive Director: A member of the Board of Directors who does not have a full-time management position at the company, or who does not receive monthly or yearly salary.

First-Degree Relatives: Father, mother, spouse and children.

Stakeholders: Any person who has an interest in the company, such as shareholders, employees, creditors, customers, suppliers, community.

Accumulative Voting: A method of voting for electing directors, which gives each shareholder voting right equivalent to the number of shares he/she/it holds. He/she/it has the right to use them all for one nominee or to divide them between his/her/its selected nominees without any duplication of these votes. This method increases the chances of the minority shareholders to appoint their representatives in the board through the right to accumulate votes for one nominee.

Minority Shareholders: Those shareholders who represent a class of shareholders that does not control the company and hence they are unable to influence the company.

The Authority or CMA: The Capital Market Authority

Related Parties: Major and founding shareholders and their subsidiaries, Board and Senior Management of Major and Founding Shareholders and their subsidiaries, or and First-degree relatives of those mentioned.

Major Shareholders: Shareholders who own a (5%) or more share of the Company.

TADAWUL: The Saudi Stock Market Exchange

ER&T: Employee Relations & Training Department

SOCPA: Saudi Organization of Certified Public Accountants

Permitted Passive Investment: The cumulative ownership by a Company officer or employee and/or his/her family members of a non-controlling interest in company shares (less than 5% of issued share capital) available for sale or trade to the public (Permitted passive investment exceptions are limited to stock of publicly traded companies nationally and internationally).

Part 2: Rights of Shareholders and the General Assembly

Article 3: General Rights of Shareholders

3-1 Shareholders' Rights in Dividends

The Company recognizes its shareholders' rights in dividends and operates according to the dividends distribution policy stated in the Company as further explained in article 7 of this code.

3-2 Shareholders' General Assemblies

Each Shareholder owning twenty (20) shares (or more) shall have the right to attend the General Assembly. Each Shareholder may authorize in writing another person, other than a member of the Board of Directors or an employee of the Company, to attend the General Assembly on his/her/its behalf.

Each Shareholder shall have one vote for each share he/she/it owns at any General Assembly meeting. Article 37 of the Company bylaws states that "The cumulative voting method shall be followed during the voting to select the Board of Directors members in a General Assembly. It shall not be permissible for members of the Board Directors to participate in the voting on resolutions which relate to their clearance of responsibility with respect to their term of office". Shareholders' rights related to the General Assembly are further explained in article 5 of this code.

3-3 Shareholders' Rights to Transfer Shares

Article 11 of the Company by-laws states that, "With exception of the founders' shares, the Company's shares shall be tradable/transferable in accordance with the rules and regulations of the Capital Market Authority"

3-4 Shareholders' Rights to File a Liability Action and Monitor the Board of Directors' Actions

Article 49 of the Company by-laws states that "Each Shareholder shall have the right to file a liability suite, vested on behalf of the Company, against the members of the Board of Directors if they have committed a fault which has caused some particular damage to such Shareholder, provided that the Company's right to file such action shall still be valid. The Shareholder shall notify the Company of his/her/its intention to file such suite"

3-5 Shareholders' Rights for a Share of the Company's Assets in Case of Liquidation

Article 48 of the Company by-laws states that "If the Company's losses total three-quarters (3/4) of its capital, then the members of the Board of Directors shall call the Extraordinary General Assembly for a meeting to consider whether the Company shall continue to exist or be dissolved". Article 50 of the Company by-laws states that "Upon the expiry of the Company's term, or if the Company is to be dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees"

Article 4: Facilitation of Shareholders' Exercise of Rights and Access to Information:

4-1 Shareholders' Access to Information and Communication with Shareholders

The Company sets measures to ensure equal access to information by shareholders. Such information is timely and comprehensive of the Company's activities, operations as well as its quarterly and annual financial statements. This information is communicated to shareholders through:

- a. The website of the Saudi Stock Exchange (TADAWUL);
- b. Petro Rabigh' s Website www.petrorabigh.com;
- c. Two Local Newspapers;
- d. Board of Directors' Annual reports;
- e. External Auditors' Annual and Quarterly Reports.

Article 5: Shareholders' Rights Related to the General Assembly

5-1 Article 31 of Petro Rabigh by-laws states that "Except for matters reserved for the Conversion General Assembly and the Extraordinary General Assembly, the Ordinary General Assembly shall attend to all matters concerning the Company. The Ordinary General Assembly shall be called for at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be called for whenever needed".

5-2 Article 33 of Petro Rabigh by-laws states that "The General Assembly shall be convened by the Board of Directors. The Board of Directors shall called for a meeting of the Ordinary General Assembly if requested to do so by the Auditors or by a number of Shareholders representing at least five percent (5%) of the Company's capital. The notice of the meeting shall be published in the Official Gazette and in two daily newspapers circulated in or near the city where the Company's head office is located at least twenty-five (25) days prior to the time set for such meeting. The notice shall include the agenda of the meeting".

The Company also posts the invitation for the General Assembly on TADAWUL website and Petro Rabigh' s website www.petrorabigh.com.

5-3 Article 39 of Petro Rabigh by-laws states that "Each Shareholder shall have the right to discuss the matters listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board of Directors and to the Auditor in this respect. Members of the Board of Directors or the Auditor shall answer the Shareholders' questions to the extent that does not expose the Company's interest to any damage. If the Shareholder deems the answer to the question unsatisfactory, then he/she/it may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding".

5-4 The Company makes available electronic copies of the information and documents that support the General Assembly's agenda via its official website www.petrorabigh.com coinciding with the date of posting the invitation to shareholders to attend the Assembly. This is referred to in the invitation text.

5-5 The Company provides hard copies of the information and documents that support the General Assembly's agenda to shareholders immediately after they register their attendance.

5-6 The Company approves the minutes of the Assembly and submits it to the Ministry of Commerce and Industry and the CMA within 10 days of the Assembly date. Also it provides copies of the minutes to any shareholder who wishes to view them as well as copy posted on the Company's website www.petrorabigh.com.

5-7 The Company notifies the stock market of the results of the Assembly as soon as it is concluded in accordance with the regulations of transparency and disclosure issued by the CMA.

Article 6: Voting Rights

6-1 Article 37 of the Company by-laws states that “Each Shareholder shall have one vote for each share he/she/it owns at any General Assembly meeting. Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be computed on the basis of one vote for each share represented at the meeting. The cumulative voting method shall be followed during the voting to select the Board of Directors members in a General Assembly. It shall not be permissible for members of the Board Directors to participate in the voting on resolutions which relate to their clearance of responsibility with respect to their term of office”.

6-2 Article 29 of the Company by-laws states that “Each shareholder owning at least twenty (20) shares (or more) shall have the right to attend the General Assembly. Each Shareholder may authorize in writing another person, other than a member of the Board of Directors or an employee of the Company, to attend the General Assembly on his/her/its behalf”

Article 7: Shareholders Dividends Rights

7-1 Per article 46, the Company implements the following dividend policy:

“After deducting all general expenses and other costs, including taxes and zakat imposed under Shari’a, the Company’s annual net profits shall be allocated as follows:

- a) Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve equals one-half (1/2) of the Company’s equity capital.
- b) The Ordinary General Assembly may, upon a request of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve to be allocated for the purpose or purposes decided by the Ordinary General Assembly
- c) All of the remaining amounts of the annual net profits shall be distributed to the Shareholders unless the Ordinary General Assembly decides otherwise”.

The Company publishes this policy in the Board of Directors’ Annual Reports which is annually approved by the General Assembly.

7-2 The General Assembly approves the profits to be distributed and the date of distribution. Dividends whether they be in cash or bonus shares shall be given as of right to the shareholders who are registered in the Stock Market Depository at the end of the day of the General Assembly.

Part 3: Disclosure and Transparency

Article 8: Policies and Procedures Related to Disclosure

8-1 The Company classifies disclosures into 3 categories as follows:

a) Disclosure of financial Information:

Disclosure of quarterly and annual financial results including all related financial statements, reports and information.

b) Disclosure in the Board of Directors' Report:

The information that must be disclosed in the Board of Directors' Annual Report in accordance with the listing rules and the governance regulations issued by the CMA.

c) Disclosure of Material Developments and Information:

Disclosures of Company's activities related information that is not available to the knowledge of the public and that would have an effect on the Company's assets and financial position as well as its activities and general direction.

8-2 General Disclosure Guidelines

Per Article 40 of Listing Rules issued by the CMA regarding the clarity and truthfulness of information:

8-2-1 Any disclosure by the Company to the public and the CMA must be clear, truthful and not misleading.

8-2-2 Disclosure of information or developments to public must be made at least 2 hours prior to the start of stock market trade

All disclosure announcements are prepared in accordance to the announcement guideline issued by the CMA.

8-3 Disclosure of Financial Information

Petro Rabigh follows article 42, item (b) of the CMA's Listing Rules in its disclosure policy as follows:

8-3-1 Petro Rabigh's Board of Directors must approve the financial interim and audited statements, and they must be signed by a Board member who is delegated by the Board, the CEO and the Financial Officer prior to posting and distributing them to shareholders and the related parties.

8-3-2 The interim and annual financial statements must be submitted to the CMA as soon as they are approved by the Board of Directors.

8-3-3 Petro Rabigh announces, via the electronic applications determined by the CMA, its interim and annual financial statements as soon as they are approved by the Board. These statements cannot be announced to shareholders and the related parties before they are announced in the stock market.

8-3-4 Petro Rabigh provides the CMA and announces to the shareholders its interim quarterly and audited annual financial statements, which are prepared and checked in accordance with the accounting standards issued by the Saudi Organization of Certified Public Accountants (SOCPA), immediately after they are approved and within a maximum of 15 days after the end of the financial period covered by the quarterly interim financial statements and within a maximum of 40 days after the end of the financial period covered by the annual audited financial statements. In addition, Petro Rabigh must provide the CMA and announce to shareholders its annual audited financial statements within a period of not less than 25 calendar days before the date of the annual General Assembly.

8-3-5 Petro Rabigh ensures the commitment of the external auditor who checks the financial statements to the regulations of the SOCPA with regards to the ownership of any Company shares. This is done to ensure the independence of the external auditor.

8-4 Disclosure in the Board Directors Report

Per Article 43 of the Listing Rules issued by the CMA, Petro Rabigh attaches with its annual financial statements a report by the Board that includes an overview of its operations during the last fiscal year and all the factors affecting the operations that the investor and shareholder need to assess the Company's assets, liabilities and financial position. The report must include:

8-4-1 A description of the principal activities of Petro Rabigh. If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it.

8-4-2 A description of Petro Rabigh significant plans and decisions (including any restructuring, business expansion or halt or discontinuance of operations of the Petro Rabigh), the future prospects of Petro Rabigh business and any risks facing Petro Rabigh.

8-4-3 A summary, in the form of a table or a chart, of the assets and liabilities of the Company and of the Company's business results for the last five financial years.

8-4-4 A geographical analysis of the Company's gross revenue.

8-4-5 An explanation for any material differences in the operating results of the previous year or any announced forecast made by the Company.

8-4-6 An explanation for any departure from the accounting standards issued by SOCPA.

8-4-7- The name of every subsidiary (if any), its share capital, the Company's ownership percentage in it, its main business, its principal country of operation and its country of incorporation.

8-4-8: The particulars of the issued shares and debt instruments of every subsidiary (if any).

8-4-9 A description of the Company's dividend policy.

8-4-10 Description of any interest in a class of voting shares held by persons (other than the Company's directors, senior executives and their relatives) that have notified the Company of these interests, with any change to such interests during the last financial year according to article 45 of the listing rules issued by the CMA.

8-4-11 A description of any interest, contractually based securities, and subscription rights of the Company's directors, senior executives and their relatives in the shares or debt instruments of the Company, with any change to such interest or rights during the last financial year.

8-4-12 Information relating to any borrowings of the Company (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of the Company with any amounts paid by the Company as a repayment of loans during the year. In case there are no loans outstanding for the Company, Petro Rabigh must provide an appropriate statement.

8-4-13 A description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants or similar rights issued or granted by the Company during the financial year, together with the compensation received by the Company in return.

8-4-14 A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company.

8-4-15 A description of any redemption or purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by Petro Rabigh and those purchased by its subsidiaries (if any).

8-4-16 The number of meetings of the directors held during the last financial year and the attendance record of each meeting listing names of the attendees.

8-4-17 A description of any transaction between the Company and any related party.

8-4-18 Information relating to any businesses or contract to which the Company is a party and in which a director of the company, the CEO, the CFO or any person related to any of them is or was interested, or if there are no such businesses or contracts, the Company must submit an appropriate statement.

8-4-19 A description of any arrangement or agreement under which a director or a senior executive of the Company has waived any salary or compensation of his/hers.

8-4-20 A description of any arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.

8-4-21 Statement of the value of any outstanding statutory payment on account of any zakat, taxes, fees or any other charges with a brief description and the reasons therefore.

8-4-22 A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the Company.

8-4-23 Declaration that:

- Proper accounting records have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the Company's ability to continue its operations.

If any of the statements above cannot be made, the report must contain a statement clarifying the reasons therefore.

8-4-24 If the external auditor's report containing reservations on the relevant annual financial statements is qualified, the Board of Directors' report must include such qualifications, its reasons and any related information.

8-4-25 If the directors recommends that the external auditors should be changed before the elapse of the term it is appointed for, the report must contain a statement to that effect and the reasons for such recommendation.

8-4-26 Per article 9 of item 3 of the Corporate Governance Regulations issued by CMA, Petro Rabigh's Annual Board of Directors report must mention the following:

- a) The implemented provisions of the Corporate Governance Regulations issued by CMA) as well as the provisions which have not been implemented, and the justifications for not implementing them.
- b) Names of any joint stock company or companies in which Petro Rabigh's Board of Directors member acts as a member of its Board of directors.
- c) Formation of the Board of Directors and classification of its members as follows: executive board member, non-executive board member, or independent board member.

- d) A brief description of the jurisdictions and duties of the Board's main committees such as the Audit Committee, the Nomination and Remuneration Committee; indicating their names, names of their chairmen, names of their members, and the aggregate of their respective meetings.
- e) Details of compensation and remuneration paid to each of the following:
- Board members.
 - The Top Five executives who have received the highest compensation and remuneration from the company. The CEO and the CFO shall be included if they are not within the top five.
- f) Any punishment or penalty or preventive restriction imposed on the company by the CMA or any other supervisory or regulatory or judiciary body.
- g) Results of the annual audit of the effectiveness of the internal control procedures of the company.

8-5 Disclosure of Material Developments and Information

8-5-1 The Company discloses material developments and information according to the CMA Listing Rules Article 41 which states:

a. The Company must notify the Authority and the public without delay of any material developments in its sphere of activity which are not public knowledge and which may have an effect on the assets and liabilities or financial position or on the general course of business of the Company or its subsidiaries (if any) and which may:

- 1) Lead to movements in the price of the listed securities; or
- 2) Significantly affect the Company's ability to meet its commitments in respect of debt instruments.

In determining whether a development falls within the scope of this paragraph, the Company must assess whether any investor would be likely to consider the information about the development in making his investment decisions.

b. Material developments referred to in paragraph (a) of this Article which the Company must disclose include, but are not limited to, the following:

- 1) Any transaction to purchase or sell an asset at a price equal to or greater than 10% of the net asset of the Company. The Company's disclosure must contain the following information (where applicable):
 - a) Transaction details, conditions, parties involved and funding method.
 - b) Description of the business subject of the transaction.
 - c) Three years financial information of the asset subject of the transaction.
 - d) Transaction reasons and expected effects on the Company and its operations.
 - e) Statement on the use of proceeds.

- 2) Any debt outside the Company's ordinary course of business, of a value equal to or greater than 10% of The Company's net assets;
- 3) Any losses equal to or greater than 10% of the Company net assets;
- 4) Any significant change in the Company's production environment or activity including but not limited to the availability of resources and the possibility of obtaining them;
- 5) Any changes in the composition of the directors or to CEO's position of The Company;
- 6) Any significant legal proceedings where the value involved is equal to or greater than 5% of the net assets of the Company;
- 7) The increase or decrease in the net assets of The Company equal to or greater than 10%;
- 8) The increase or decrease in the gross profit of The Company equal to or greater than 10%;
- 9) The entering into, or the unexpected termination of, any contract with revenues equal to or greater than 5% of the gross revenues of the Company;
- 10) Any transaction between the Company and a related party or any arrangement through which the Company and a related party invest in any project or asset or provide financing therefore; and
- 11) Any interruption in the principal activities of the Company.

8-5-2 All disclosure announcements are prepared in accordance to the announcement guideline issued by the CMA.

8-6 Approval & Supervision of Company Disclosures

8-6-1 General approvals of the content of the disclosures and approval for publishing of disclosure announcements is made by the members authorized by the Board of Petro Rabigh to conduct all matters related to the compliance to the stock market and the CMA rules and regulations.

8-6-2 Approval of the disclosure of quarterly and annual financial results and statements is made by the Board of Directors through the Board Audit Committee and according to article 42, item (b) of the CMA's Listing Rules mentioned in article 8-3 of this code.

8-6-3 Approval of disclosures made in the Board of Directors report are made by the Board of Directors.

8-6-4 Approvals of disclosure announcements content of material developments and information and approval for publishing of disclosure announcements is made by the members authorized by the Board of Petro Rabigh to conduct all matters related to the compliance to the stock market and the CMA rules and regulations.

Part 4: Board of Directors

Article 9: Main Functions & Responsibilities of the Board

Per article 19 of the Company's by-laws "Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the business of the Company, to set its objectives, policies, and the level of its investments and to supervise its affairs within and outside the Kingdom of Saudi Arabia.

The Board of Directors is empowered, for example and without limitation, to:

- a) Approve (i) the refined products' annual marketing plan; (ii) the refined products' annual production plan; (iii) the petrochemical products' annual marketing plan; and (iv) the petrochemical products' annual production plan, in each case, as submitted and recommended to the Board of Directors by the Marketing Committee.
- b) Resolve any deadlock in respect of any committee matter referred to the Board of Directors.
- c) Approve, amend or modify the Company's annual business plan.
- d) Approve, amend or modify the Company's annual operating plan.
- e) Adopt resolutions with respect to (i) borrowings (including borrowings which exceed three (3) years in amounts in excess of seven million five hundred thousand Saudi Riyals (SR7,500,000.00) for any single borrowing as well as borrowings from Shareholders on a commercial basis), (ii) any lending by the Company, (iii) the issuance or repurchase of bonds or sukuk, (iv) the issuance of any guarantees, (v) the sale of any of the Company's assets, mortgaging them or pledging them as collateral in amounts greater than seven million five hundred thousand Saudi Riyals (SR7,500,000.00), or (vi) the write-off of any accounts receivable in excess of seven million five hundred thousand Saudi Riyals (SR7,500,000.00).
- f) Establish branches, offices and agencies of the Company.
- g) Approve or amend internal Company policies and define the responsibilities of and authorities granted to senior officers of the Company (particularly the Managing Director, the Chief Financial Officer and such other senior officers as the Board of Directors may determine).
- h) Adopt resolutions making proposals to the Shareholders, including any appointment or dismissal of the Company's independent Auditors or any approval or modification from time to time of the Company's accounting and tax policies.
- i) Approve the agenda of the General Assembly.
- j) Approve the settlement of any litigation, arbitration or any judicial or administrative proceedings involving the Company where the amount of such settlement is in excess of five million Saudi Riyals (SR 5,000,000) or its equivalent in another currency.
- k) Approve any joint venture or affiliated venture, or agree to amend or modify the material terms thereof.
- l) Create, dissolve and appoint members to, committees of the Board of Directors and/or approve the scope of delegation of responsibility to such committees.
- m) Create, designate or change the positions of, senior officers or the organizational structure of the company or appoint or remove senior officers.

- n) Approve any capital expenditure by the Company in excess of seven million five hundred thousand Saudi Riyals (SR 7,500,000) or its equivalent in another currency if such capital expenditure is not otherwise included in the Company's annual business plan or annual operating plan.
- o) Recommend to the Shareholders any additional amount to be retained as an additional reserve in accordance with Article (46) (b) of the Company by-laws.
- p) Approve, modify or amend any agreement in connection with, and the entry of the Company into, transactions with Shareholders or related persons; and
- q) Recommend that the General Assembly approve the Company's annual financial statements".

Article 10: Constitution of the Board of Directors

10-1 Article 16 of the Company's by-laws states that "The Company shall be managed by a Board of Directors comprised of nine (9) members to be appointed by the Ordinary General Assembly for a term that does not exceed three (3) years. Directors may always be re-appointed "

10-2 Article 21 of the Company's by-laws states that "The Board of Directors may not choose one (1) person to be the Chairman or Deputy Chairman and the Managing Director at the same time".

10-3 Article 18 of the Company by-laws states that Membership on the Board of Directors shall be terminated upon the expiration of the appointment period, or the resignation, or death of the Director, or if he is removed from office by a resolution passed by seventy-five percent (75%) of the shares represented at an Ordinary General Assembly Meeting, or if he is convicted of a crime or an offence involving dishonesty, fraud or moral turpitude, or if he becomes bankrupt or makes any arrangement or conciliation with his creditors. Termination of membership shall also occur if the member becomes unsuitable for membership under any law or regulations prevailing or applicable in the Kingdom of Saudi Arabia".

10-4 Petro Rabigh Board membership is subject to the policies, standards and procedure for Board membership listed in article 16 of this document.

Article 11: Board Committees and their Independence

11-1: Article 26 of the Company's by-laws states that "The Board of Directors may create a number of committees, as the need and circumstances of the Company may dictate, to carry out tasks specified by the Board of Directors from time to time. Members of such committees may be appointed from amongst the members of the Board of Directors or others, except for membership on the Audit Committee where members shall all be from the non-executive members of the Board of Directors, and the Nominations and Remuneration Committee where members shall all be from the Board of Directors, and except wherever stated otherwise in these By-Laws. The individuals appointed to such committees shall only perform the tasks assigned to them by the Board of Directors, from time to time, in accordance with the instructions given to them by the Board"

11-2 Petro Rabigh's Board established two committees in accordance with the regulations issued by CMA and the Ministry of Commerce and Industry. These Committees are the Board Audit Committee (BAC) and the Nomination, Remuneration & Compensation Committee (NR&CC).

Article 12: Audit Committee

The General Assembly, upon a suggestion by the Board, issued rules for the selection of the Audit Committee members, their membership duration and the scope of work for the committee as follows:

12-1 Rules for Appointing The Audit Committee Members:

- 1- The Board of Directors shall establish an Audit Committee of four (4) of its non-executive members
- 2- The Chairman of the committee shall serve for a term of three (3) years and shall not have a tie-breaking vote
- 3- The committee shall include a member who is financially knowledgeable

12-2 Term of Office

Appointed committee members will be each serving for a term of three (3) years, unless a membership of a member is ceased earlier for any reason

12-3 Scope of Work

The Audit Committee will perform such duties and have such responsibilities as are delegated to it from time to time by the board of directors including, without limitation, ensuring the efficiency and effectiveness of the Company's Internal Audit function, reviewing and monitoring the adequacy and effectiveness of the Company's system of internal controls and actions taken to rectify control gaps, overseeing and approving the yearly internal audit plans, reviewing internal audit reports and following up on the implementation of audit recommendations, reviewing the Company's interim and annual financial statements before they are submitted to the Board of Directors and providing recommendations, nominating independent external auditors for appointment or termination and determining their fees, ensuring their independence, as well as ensuring that they have full access to the Company's records, in addition to following up on their duties and approving any task outside the audit scope that they may be assigned, reviewing the audit plan and providing notes, reviewing external auditors notes on the financial statements and following up on related actions to be taken, reviewing the accounting principles followed and providing opinion and recommendations.

Article 13: Nomination, Remuneration and Compensation Committee

The General Assembly, upon a suggestion by the Board, issued rules for the selection of the Nomination, Remuneration and Compensation Committee members, their membership duration and the scope of work for the committee as follows:

13-1 Rules for Appointing The Nomination, Remuneration & Compensation Committee Members

- 1- The Board of Directors shall establish the Nomination, Remuneration & Compensation Committee of four (4) of its members
- 2- The Chairman of the Nomination, Remuneration & Compensation Committee shall serve for a term of (3) years and shall not have a tie breaking vote.

13-2 Term of Office

Appointed committee members will be each serving for a term of three (3) years, unless a membership of a member is ceased earlier for any reason.

13-3 Scope of Work

The Nomination, Remuneration & Compensation Committee shall perform such duties and have such responsibilities as are delegated to it from time to time by the board of directors, including, without limitation, recommending nominations to the Board in accordance with the approved policies and standards, ensuring that no person who has been previously convicted of any offence or crime affecting honor or honesty is nominated for such membership; annually reviewing the requirements of skills that befit the membership of the Board of Directors, and generating a description of the capabilities and qualifications required for the Directors, and the time that a Director should dedicate to the Board's functions; reviewing the structure of the Board and recommending changes; determining the points of strength and weakness of the Board and recommending remedies that are compatible with the Company's interests; verifying annually the independence of the independent Directors, and the absence of any conflict of interests if the Director serves as an incumbent director on the board of directors of any other company; and recommending, to the Board of Directors, clear policies for the remuneration of the Board of Directors members and senior executives using performance criteria in the determination of such remuneration. .

Article 14: Board Meetings and Agenda

14-1 Article 22 of the Company's by-laws states that "The Board of Directors shall be convened at least twice a year upon a call by the Chairman. Such call shall be made in writing and be delivered by registered mail, telefax or e-mail not less than fourteen (14) days prior to the date set for the meeting unless otherwise agreed by the Board of Directors, and such notice shall include the agenda. The Chairman of the Board of Directors shall call for a meeting if so requested by any two (2) Directors. A Director may waive (with respect to that Director), in writing, any requirement for advance written notice of that meeting. A written retrospective waiver of notice, signed by a Director, shall be deemed equivalent to a notice to that Director. A Director's attendance at a Board meeting shall constitute a waiver of notice (with respect to that Director) of that meeting"

14-2 Article 24 of the Company by-laws states that “The deliberations and resolutions of meetings of the Board of Directors shall be drawn in minutes, circulated to the Directors and, if agreed, signed by the Chairman (or when he is presiding, the Deputy Chairman) and the Secretary. Such minutes shall be recorded in a special register to be signed by the Chairman (or when he is presiding, the Deputy Chairman) and the Secretary”

Article 15: Remuneration and Compensation of Board of Directors

Article 20 of the Company by-laws states “That remuneration (if any) of the members of the Board of Directors shall consist of a nominal salary and the payment of fees for attendance at the meetings of the Board of Directors as determined by the Ordinary General Meeting in accordance with the official decisions and instructions issued in this regard, within the limits of the provisions of the Companies Regulations and the laws or regulations complementary there to. Directors may in addition be paid reasonable out-of-pocket and travel-related expenses in connection with the duties performed by such Director as a member of the Board of Directors”

The report submitted by the Board of Directors to the Ordinary General Assembly shall contain a statement of all payments made to members of the Board of Directors during the fiscal year, including salaries, attendance allowances, expenses and other benefits. It shall as well contain a statement of payments made in consideration for technical, administrative or consultancy assignments carried out by the Directors, which assignments have been approved by the Company’s General Assembly.

Article 16: Policies, Standards & Procedure for the Board of Directors Membership

The Board established policies, standards and procedures for the Board membership, and they were approved by the General Assembly on May 26, 2012:

16-1 Policies

- a. The minimum number of independent directors is two (2) or one third ($\frac{1}{3}$) of the total number of directors, whichever is more.
- b. The General Assembly appoints the Board of Directors’ members for the duration stipulated in the Company’s by-laws which should not exceed three (3) years.
- c. Board members may always be reappointed.
- d. The Board of Directors shall appoint a Chairman from its members, a Vice-Chairman and a Managing Director per a resolution made by the Board, and no one member can be both a Chairman and a Managing Director, nor can he be a Vice-Chairman and a Managing Director.
- e. The Board of Directors shall appoint a Secretary, selected from among its members or others, whose task is to record minutes of the Board meetings, document and safe keep resolutions passed at these meetings.
- f. The term of office of the Chairman, the Deputy Chairman, the Managing Director, the Chief Financial Officer and the Secretary – if they are Directors – shall not exceed their respective terms of service as Directors. Their terms may always be renewed.

- g. Membership on the Board of Directors shall be terminated upon the expiration of the appointment period, or the resignation, or death of the Director, or if he is removed from office by a resolution passed by seventy-five percent (75%) of the shares represented at an Ordinary General Assembly Meeting, or if he is convicted of an offence involving dishonesty, fraud or moral turpitude, or if he becomes bankrupt or makes any arrangement or compounding with his creditors. Termination of membership shall also occur if the member becomes unsuitable for membership under any law or regulations prevailing or applicable in the Kingdom of Saudi Arabia.
- h. If the position of a Director becomes vacant, the Board of Directors may appoint a member in the vacant position temporarily, provided that such appointment is put forward before the next General Assembly for endorsement, which shall be convened as soon as possible. The term of office of the new member designated to fill a vacancy shall extend to the term of office of his predecessor.
- i. In case the number of the members of the Board of Directors falls below the quorum required for the proper convening of the Board of Directors meetings, the General Assembly shall be called for an Ordinary Meeting as soon as possible in order to appoint the necessary number of Directors.
- j. Members of the Board of Directors must declare to the Board of Directors any personal interest, whether direct or indirect, in any proposal, transaction or contract made for the account of the Company. Such declaration must be recorded in the minutes of the Board meeting. If the interest of the Director is personal and direct, such Board member shall not participate in voting on the resolution to be adopted in this respect.

16-2 Standards:

- a. The candidate for Board membership must own or have deposited on his behalf a number of Company shares with a nominal value of not less than ten-thousand Saudi Riyals (SR 10,000). Such shares shall be deposited in a bank designated by the Minister of Commerce and Industry within thirty (30) days from the date of the appointment of the Director.
- b. The candidate must have sufficient experience in the Company's activities and at least ten (10) years of experience in a management position in the oil, gas or petrochemicals sectors in their fields of operations or marketing locally and Internationally.
- c. A Board member may not be a member of the Boards of more than 5 joint stock companies at the same time.

16-3 Procedures:

- a. A resolution is issued by the Board of Directors (BOD) for commencing membership applications.
- b. Announcement of BOD membership application commencement and closing dates is published on TADAWUL website and the Company's website www.petrorabigh.com on the internet.
- c. The Announcement is published for the second time in conjunction with the commencing date of BOD membership applications.

- d. The candidate submits his application during the specified period to the party identified by the Nomination, Remuneration and Compensation Committee (NR&CC) expressing his desire to be nominated to the Board membership. The request should contain identification of the candidate including his curriculum vitae, his qualifications and experience in the Company's activities.
- e. The candidate who has previously served as a member of the Board of Directors for any joint stock company or companies must indicate the number and duration of his membership(s) on the board of said company or companies.
- f. The candidate must submit a statement of the joint stock company or companies where he is still a member on their boards.
- g. The candidate must submit a statement of the companies or institutions that he still participates in managing or has ownership in and that are operating similar activities to those of the Company.
- h. If the candidate has previously served as a member of Rabigh Refining & Petrochemical Co. Board of Directors, he must attach to the candidacy request a statement from the Company's management about the last term during which he was a Board member including the following information:
 - 1- The number of meetings of the Board during each year of the term, the number of meetings attended in person and the percentage of his presence at all Board meetings.
 - 2- The permanent committees that the member participated in, and the number of meetings held by each of those committees during each year of its term.
 - 3- Summary of financial results that the Company achieved during each year of the term.
- i. Attached with the candidacy request must be a clear copy of the personal identification card for the individual or the commercial listing for companies and institutions in addition to the contact numbers of the candidate including a mobile number and a fax number.
- j. The candidate must fill out the curriculum vitae form issued by the Capital Market Authority (Form No. 3).
- k. Nomination form issued by the Capital Market Authority (Form No.3) and curriculum vitae must be submitted by the candidate to the party identified by the Nomination, Remuneration and Compensation Committee.
- l. All candidates' files and documents are verified for completion and accuracy by the receiving party identified by the Nomination, Remuneration and Compensation Committee.
- m. Candidates' data is compiled and classified by the party identified by the Nomination, Remuneration and Compensation Committee upon closure of the nomination period.
- n. Lists are reviewed by the party identified by the Nomination, Remuneration and Compensation Committee, and the final list is submitted to the Committee which will, in turn, submit to the Board of Directors.
- o. An announcement of the General Assembly Meeting is published in two newspapers, TADAWUL website and the Company's website www.petrorabigh.com.
- p. Board of Directors members are selected during the general assembly through cumulative voting.

Article 17: Policy & Procedure for New Board Members Orientation

Policy

Petro Rabigh commits to orienting new Board members after they are elected and before the first Board meeting. The orientation should be comprehensive defining the business model and all its functions as well as underlining the challenges that the company is to encounter during the current Board term and the goals to be achieved.

Procedure

- 1- Once elected, the new Board member is contacted and welcomed aboard by the Company P&CEO.
- 2- Coordination with new Board member is done to facilitate a visit program to the Company's premises.
- 3- Once the new Board member arrives at Petro Rabigh, he is taken through the following orientation program:
 - A. An overview presentation about Petro Rabigh.
 - B. A presentation about each of Petro Rabigh's functions.
 - C. The new Board member is given a full tour of Petro Rabigh's refining and petrochemical complex and Petro Rabigh community.
- 4- The new Board member is provided with a summary of all key business agreements as well as copies of these agreements (If requested by the Board member), operational and financial reports, as well as any other related materials as requested by the Board member.
- 5- The secretary of the Board provides all new Board members with the necessary information to make them aware of their roles and responsibilities and the Company's Corporate Governance.
- 6- All Board members are offered training sessions as they see needed for them to conduct their roles and responsibilities.

Part 5: Conflict of Interest Policies

Petro Rabigh follows the Conflict of Interest policies mentioned in articles 17 and 18. These policies are supervised by the Board Committees

Article 18: Conflict of Interest Policy for Related Parties

18-1 A member of the Board of Directors of Petro Rabigh may not, without prior authorization from the General Assembly - to be renewed annually - have any interest (directly or indirectly) in the Company's business and contracts. An exception to this are the activities performed through public bidding where a Board member is the most competitive bidder. A Board member of Petro Rabigh shall notify the Board of Directors of any personal interest that he/she may have in the business and contracts that are entered by the Company. This notification shall be documented in the minutes of the Board meeting. The Board member who is in interest may not participate in the vote on the resolution issued in this regard. The Chairman of the Board of Directors shall notify the General Assembly of the activities and contracts in respect of which a Board member may have a personal interest in and shall present along with the notification the related external auditor report.

18-2 A Board member of Petro Rabigh shall not, without a prior authorization from the General Assembly, to be renewed annually, participate or trade in any activity for his own account that may likely compete with the activities carried out by the Company. In such a case, the Company will ask him for compensation or consider the transactions that he started for his own account as conducted for the Company's account.

18-3 Petro Rabigh shall not grant any cash loan whatsoever to any of its Board members or render guarantee in respect of any loan entered into by a Board member with third parties.

18-4 Petro Rabigh shall immediately and without delay disclose to the CMA and the public any transaction, arrangement or agreement between Petro Rabigh and a related party where Petro Rabigh and the related party invest in an asset or a project or provide a financing activity for an asset or a project.

18-5 Petro Rabigh shall annually disclose through its Board of Directors Report a description of any transactions, arrangements or agreements between Petro Rabigh and any related party.

18-6 Petro Rabigh shall annually disclose through its Board of Directors Report any information relating to any businesses or contract to which Petro Rabigh is a party and in which a director of Petro Rabigh, the CEO, the CFO or any person related to any of them is or was interested and if there are no such businesses or contracts, Petro Rabigh must submit an appropriate declaration clarifying so.

Article 19: Petro Rabigh Employees Business Ethics and Conflict of Interest Policy

19-1 General Guidelines:

- a. Company's members of management are to set an example of the highest ethical standards. Employees are expected to attain the highest ethical standard as set by the Company and as followed by its Management.

- b. Company employees and their family members must avoid any situation involving any direct or indirect conflict between their personal interests and the Company's interests. Any situation giving rise to the appearance of such a conflict should be avoided. A conflict or the appearance of a conflict situation can arise when an action taken by the officer, employee, or a family member results in a benefit that makes it difficult for the officer or employee to perform responsibilities objectively and effectively.
- c. Personal interests and affairs must be separated from the Company's business. Employees should not work towards any personal gain, financially or otherwise, by taking advantage of their position, Company property, business opportunities, or information, nor should they be in direct or indirect competition with the Company.
- d. Company employees and their family members owe a duty to the Company to advance the Company's legitimate interest when the opportunity to do so arises.

19-2 Business Transactions:

- a. Company employees may engage in a "Permitted Passive Investment" when such investment does not compromise the officer's or the employee's duty and loyalty to the Company.
- b. Ownership in any company that competes, deals or seeks to deal business with the Company must be disclosed and approved by the Conflict of Interest Committee and, at times, the Legal Advisor.
- c. Company employees and family members may own no more than 5% of an Entity's issued share capital of publicly traded securities whether nationally and internationally.

19-3 Gifts and Entertainment:

- a. Company employees may not seek entertainment or gifts that may influence, or appear to influence, their decisions in Company business when dealing with contractors, vendors, suppliers or any other companies, organizations, or individuals doing or seeking to do business, directly or indirectly, with the Company or in competition with the Company.
- b. Unsolicited and infrequent gifts and business courtesies, including meals and entertainment, are permissible if they are:
 - 1- Customary and commonly accepted
 - 2- A value not more than SR100; and
 - 3- accepted without an express or implied understanding that the employee or family member is in any way obligated by the gift or Courtesy.
- c. Company employees and family members may not accept gifts of cash or cash equivalents. The Company bans the offer or acceptance of favors, inappropriate gifts, or the promise of gifts to influence business decisions in any way. Offering, promising or giving gifts to try to influence a public official (either domestic or foreign) is prohibited.

19-4 Outside Activities:

- a. Company employees are prohibited from having personal interests in outside businesses which are suppliers or sub-contractors to vendors or contractors doing business with the Company.

- b. Officers or employees may not hold a directorship, engage in any outside business or employment, make a personal investment or give advice or assistance (with or without compensation) that detracts from their duties to the Company or violates their duties of loyalty and service to the Company.
- c. Company employees must request Company permission to hold a position with an outside business or entity.
- d. Company employees who are appointed by the Saudi Government or approved by the Company to hold a position (e.g. membership of the Board of Directors or other management or advisory role) in outside entities, other than those entities with an ownership in the Company, are permitted to serve under this policy and are not required to remit to the Company any remuneration paid to them. Time needed to attend meetings or discharge any responsibilities relating to such a position will beat the employee's own time and expense, including cost of travel, accommodation, and other expenses. All such positions are subject to disclosure and approval requirements.
- e. Holding a position or engaging in activities in a founding shareholder company or its affiliated companies is permitted when such activity is performed at the request of, or through nomination or appointment by the Company. All forms of compensation received by the employee for such services shall be remitted to the Company.

19-5 Disclosure:

- a. To avoid any potential conflict of interest, Company employees or relevant family members should notify the Conflict of Interest Committee of any potential conflict of interests for them and their family members and receive approval prior to proceeding with the potential Conflict of Interests.
- b. Company employees are expected to notify the Conflict of Interest Committee on any potential conflicts of interests for themselves or relevant family members at the following times:
 - Upon employment
 - When a new investment or position is obtained
 - When cumulative ownership interest in a publicly traded company shares (locally or internationally) reaches 5% of the issued share capital (While making sure no conflict of interest occurs)or
 - Every two years, if none of the preceding conditions takes place.

19-6 Notification:

Failure to notify the Company of any potential Conflict of Interest may subject the employee to disciplinary action, including termination of services as well as taking any necessary legal action (if needed)

19-7 Business Ethics:

The Company is committed to the highest ethical and legal standards in conducting its business. Employees are expected to be honest and straightforward in their entire dealings to ensure the right and the proper business conduct. The Company expects candor and honesty of all its employees to assure compliance with this policy.

- a. Confidential and proprietary business information should not be shared outside of the Company. Such information should not be disclosed to third parties without prior approval of a duly authorized member of Company Management.
- b. The Company will ensure that all its business dealings are in compliance with the appropriate laws and regulations for the areas in which it operates.
- c. Company employees, in all of their business dealings, will act in such a way as to not embarrass the Company or subject it to possible litigation.
- d. In order to protect the Company's reputation within the Kingdom and internationally, all media contacts must be approved by the Public & Government Affairs Department.
- e. Participation in local civic organizations, other charitable or non-profit organizations, educational institutions or professional organizations is allowed as long as the participation does not affect the employee's performance or the Company's public image and relationship with the Government.
- f. Company employees should not accept offers of paid lodging, travel expenses or the like from outside organizations; these costs and expenses will be incurred by the Company to avoid any appearance of compromising objectivity.
- g. No Company or personal funds or assets may be paid, loaned or given as a bribe, "kickback," or other illegal payment with the intent of influencing or compromising the actions of the recipient. Company employees and their family members cannot receive any gifts, loans, or other favors that could appear to influence or compromise their personal judgment.
- h. Since every possible situation cannot be covered in this policy, Company employees are expected to use their personal judgment and good sense to act properly and to recognize when they need guidance. When in doubt, or to report possible Conflict of Interests or Business Ethics violations, employees should seek guidance from their immediate supervisors or ER&T.
- i. Company employees are required to maintain a harassment-free work environment at work and at the Company's Community by demonstrating strict commitment to work ethics and fostering mutual employee respect. All forms of harassment, including, but not limited to, verbal, physical, or other inappropriate conduct or actions that contribute to a hostile, offensive, or intimidating work environment are unacceptable and will not be tolerated by the Company.
- j. Any employee who feels that he/she has been subjected to harassment in violation of this policy may report such harassment to the immediate supervisor, the Human Resources Service Center (HRSC), or Industrial Security personnel at the Community Camp. If it is determined that a violation of this policy has occurred, the Company will take prompt and appropriate corrective action which may include termination of employment.

- k. All Company employees, males and females, are required to wear the type of clothing required for their jobs, or otherwise wear business-like attire that conforms to acceptable standards in the Kingdom. In all situations, Company employees and their dependents are expected to maintain a respectable appearance and to conduct themselves, both at work and in public places in a manner compatible with the dictates of the culture and traditions of the Kingdom of Saudi Arabia.
- l. Any willful omission or falsification of business ethics will be regarded as a serious violation of Company policy and will subject the employee to disciplinary action up to and including termination.
- m. If the Company's interests conflict with those of the founding shareholders or other business entities, employees should ensure that Company's interests prevail at all times.
- n. All employees are required to read and acknowledge understanding of the Company's Conflict of Interest & Business Ethics Policies and agree to strictly abide by them.

Article 20: Company Policy to Regulate the Relationship with Stakeholders when Performing Corporate Social Responsibility (CSR) Activities

20-1 Petro Rabigh implements CSR activities to serve the community which it operates within.

20-2 Petro Rabigh protects and preserves the stakeholders' rights when conducting any CSR activities by ensuring the following:

20-2-1 Implementation of the CSR activity ethically and with great interest to the community considering social, economic and environmental aspects.

20-2-2 Implementation of the CSR activity while taking into consideration all regulatory laws and regulations related to the CSR activity being performed.

20-2-3 Implementation of the CSR activity with the aim for achieving sustainable development.

20-2-4 Petro Rabigh ensures that there is no conflict of interest with any related party such as major shareholders or members of the Board of Directors or senior executives when implementing any CSR activities.

20-2-5 Petro Rabigh is to be transparent about its CSR activities by disclosing these activities in its annual Board of Directors report.

20-2-6 The Board of Directors of Petro Rabigh evaluates and approves annual CSR programs, and approves budgets for these programs while taking into account the company's financial position and its financial obligations.

Part 6: Closing Provisions

Article 21: Supervision of Petro Rabigh Corporate Governance Code and Monitoring its Effectiveness

The Board of Directors through the Board Audit Committee is to supervise this code and to advise and approve any related amendments and approve any internal procedures that are related to the execution of this code.

Article 22: Entry Into Force

This code is to be effective upon the Board's Approval of its articles.