

MARAFIQ

Dividend Distribution Policy

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Article (1): Purpose

This policy is called: "Dividend Distribution Policy", which aims to clarify the general provisions for the Dividend Distribution of the Electricity and Water Utilities Company in Jubail and Yanbu, according to the corporate governance regulations and the company's articles of association.

Term	Definition
Governance Department	: Corporate Governance Department in the Company.
General Assembly	: Ordinary General Assembly of the Company.
Policy	: The Dividend Distribution Policy
Company	: Power and Water Utility Company for Jubail and Yanbu (a public joint-stock company).
Board	: The Board of the Company.
Authority	: Capital Market Authority.

Article (3): Policy Interpretation

3.1 Interpretation Rules

3.1.1 This Policy and the addendums attached thereto (if any) are considered an integral part thereof, and complementary to its clauses and shall be read and interpreted therewith for this purpose.

3.1.2 All headings in this Policy are for convenience of reference only and shall not affect the interpretation of the Policy provisions as a whole.

3.1.3 This Policy prevails over any other Policy on the same subject that may conflict therewith.

3.1.5 The Board is entitled to set rules and executive policies for this Policy.

3.1.4 This Policy is formulated in accordance with the jus cogens in the CG Regulations issued by the Authority. In the event that the Authority decides, at any time, to consider any provision in the corporate governance Policy as jus cogen rather than a complementary, then this Policy is read in light of that, and the complementary provision becomes as jus cogen by force of law and an integral part of this Policy. In the event that a complementary provision is included in this Policy in the form of a jus cogen, this shall not prejudice its remaining complementary and not binding until the Authority decides otherwise.

3.1.5 The Company's application of any of the guidelines, steadily or incidentally, does not prejudice the provision to remain guiding unless a special resolution is issued by the Board or the Authority otherwise. The Company is entitled to echange between applying and not applying the guiding provision in accordance with what it decides in this regard, and it is not allowed in any way to consider approval of this Policy/ regulation as an approval for the guiding provisions contained therein to be mandatory.

3.2 Sources of Judging the Incident

3.2.1 The provisions of this Policy apply to the issues dealt with in these provisions in their terms and meanings, and there is no justification for effort in the source of the provision.

3.2.2 The provisions of this Policy shall not conflict with the legislative laws in the Kingdom of Saudi Arabia (KSA), and in the event of a conflict, the provisions of the jus cogen legislative laws shall be applied.

3.2.3 In the absence of a provision in this Policy on the issue, the following legislative sequence shall be applied:

3.2.3.1 The jus cogens in the CG Regulations issued by the Authority are applied.

3.2.3.2 The provisions of the Companies Law and its executive regulations shall be applied.

3.2.3.3 The provisions of the Company's articles of association shall be applied.

3.2.3.4 The resolutions of the Company's General Assembly shall be applied.

3.2.3.5 The resolutions of the Board of Directors shall be applied.

3.2.3.6 Diligence of from the Governance Department according to the circumstances surrounding regarding each issue for which there is no provision.

Article (4): Dividend Distribution

4.1 The Company's annual net profit shall be distributed after deducting all overhead and other costs.

4.2 The General Assembly may, upon the proposal of the Board, retain a percentage of the net profits to form an additional reserve allocated for a specific purpose or purposes.

4.3 The dividends shall be distributed as determined by the General Assembly of the paid-up capital of the Company, and it may authorize the Board of Directors to do so.

4.4 The Company may distribute quarterly and semi-annual dividends in accordance with applicable regulations.

4.5 The remaining part of the profits shall be distributed to the shareholders as additional dividends or carried forward to subsequent years as approved by the General Assembly.

Article (5): Entitlement of Dividends

5.1 According to the decision of the General Assembly issued in this regard, provided that the decision indicates the date of entitlement and the date of distribution, The shareholder shall be entitled to his share of the dividends .

5.2 Dividend Distribution are only due to the shareholders registered in the company's share register at the end of the date determined by the General Assembly or the Board in accordance with what is indicated in this policy.

Article (6): Payment Timeline of Dividends

The Board shall implement the Assembly's decision regarding the distribution of dividends to the shareholders, within fifteen (15) days from the date of their entitlement to such dividends as stipulated in that resolution, or the Board of Directors' decision regarding the distribution of interim dividends.

Article (7): Interim dividends

7.1 The company may distribute interim dividends to its shareholders on a quarterly or semi-annual basis, provided that the following is achieved:

7.1.1 The General Assembly be issued a resolution (renewed annually) authorizing the Board to distribute interim dividends.

7.1.2 The Company should achieve regular dividends.

7.1.3 The Company should have sufficient liquidity and be able to reasonably predict the size of its dividends.

7.1.4 The Company should have distributable dividends according to the latest audited annual financial statements sufficient to cover the proposed dividends - after deducting the distributed and capital amounts from the dividends after the date of these financial statements.

7.2 The Board shall include in its annual report submitted to the General Assembly the share of dividends distributed to shareholders during different periods of the fiscal years in addition to the part of the dividends proposed to be distributed at the end of the fiscal year, and the total amounts of dividends.

7.3 Dividends shall be recorded in the account of cumulative retained earnings for previous years, or in conventional reserves, or both. The company adopt a sequential and consistent approach in determining the method and percentage of dividends according to the company's capabilities and available liquidity, and the board must disclose and announce part of Ordinary periodic dividends approved for distribution to shareholders on specified dates.

7.4 When the Company decided to distribute interim dividends, shall disclose and announce this decision immediately, and provide the Authority with a copy of it.

Article (8): Revision and Amendment

7.1 The Company's management shall revise this Policy in cooperation with the Company's appropriate departments, when needed, and recommend any amendments thereto to the Board for approval before obtaining the approval of the General Assembly.

7.2 The Corporate Governance of the Company shall maintain the original duly signed copy of this Policy and shall, from time to time, provide the Authority with a copy thereof and any amendments thereto.

Article (9): Policy Validity

This Policy shall be in effect and implemented as of date of Policy approval by the General Assembly.

Policy Title	Dividend Distribution Policy			
Revised and Amended by: Governance Department	Name: Dr. Akram Ibrahim Faisal Khalaf Al-Anzy	Signature:	Date:	
Board Secretary:	Name: Muhammad Abdulhamid Al-Mulhim	Signature:	Date:	
Date of Policy Approval by General Assembly:				
Approved Language of Policy:	The Arabic language, and the English, if any, is only considered as a guiding language.			