

**ADES HOLDING COMPANY**  
**CORPORATE GOVERNANCE MANUAL**

Unless defined herein, or the context stipulates otherwise, defined terms used in this Charter shall have the meanings given to them in the Corporate Governance Regulations of the Capital Market Authority.

## 1 INTRODUCTORY PROVISIONS

### 1.1 PURPOSE

The Board has established this Corporate Governance Manual (the “**Manual**”) to set the governance rules for the Company in accordance with the provisions of the Corporate Governance Regulations, and shall monitor its implementation and verify its effectiveness. To that end, the Board shall:

- (a) Verify that the Company is in compliance with this Manual.
- (b) Review and update this Manual pursuant to statutory requirements and best practices.
- (c) Regularly inform the Board members of the developments in corporate governance and best practices, or authorize the audit committee or any other committee or department to undertake this task.

### 1.2 SCOPE

- (a) The provisions of this Manual shall apply to the Company, its Board, management and all employees.
- (b) Any corporate governance manual approved by the subsidiaries of the Company shall not conflict with the provisions of this Manual, except if such conflict arises due to requirements of applicable laws.

## 2 RIGHTS OF SHAREHOLDERS

### 2.1 FAIR TREATMENT OF SHAREHOLDERS

- (a) The Board of the Company is obliged to seek the protection of the rights of its shareholders to ensure fairness and equality among them.
- (b) The Board and the Executive Management of the Company are obliged not to discriminate among shareholders who own the same type or class of shares nor prevent them from any of their rights.
- (c) The Company shall specify in its internal policies the procedures that are necessary to guarantee that all shareholders exercise their rights.

## 3 RIGHTS RELATED TO SHARES

3.1 All rights related to shares shall be guaranteed to the shareholder of the Company, and particularly the following:

- (a) To obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares.
- (b) To obtain his/her share of the Company’s assets upon liquidation.

- (c) To attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions.
- (d) To dispose of his/her shares in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- (e) To enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations.
- (f) To monitor the performance of the Company and the activities of the Board of the Company.
- (g) To hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company.
- (h) Preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the preemptive rights are per Article (129) of the Companies Law.
- (i) To record his/her name in the Company's shareholder register.
- (j) To request to view a copy of the Company's articles of association and bylaws unless the Company publishes them on its website.
- (k) To nominate and elect the Board members.

#### 4 SHAREHOLDER ACCESS TO INFORMATION

- 4.1 The Board of the Company shall make available to the shareholder complete, clear, accurate and non-misleading information to enable him/her to properly exercise his/her rights. Such information shall be provided at the proper times and shall be updated regularly.
- 4.2 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. This information shall be made available to all shareholders of the same type or class.
- 4.3 The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

#### 5 COMMUNICATING WITH SHAREHOLDERS

- 5.1 The Board of the Company shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company.
- 5.2 The chairperson of the Board of the Company and the chief executive officer of the Company shall inform the remaining Board members of the opinions of the shareholders and discuss these opinions with them.
- 5.3 No shareholder of the Company may intervene in the operations of the Board of the Company or the work of the Executive Management of the Company unless he/she is a member of its Board or works in its Executive Management; or unless his/her intervention is through the General Assembly according

to its powers.

## 6 ELECTING THE BOARD MEMBERS

- 6.1 Upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board which shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. The Company shall make a copy of the mentioned information available in the Company's head office and its website.
- 6.2 Voting in the General Assembly shall be confined to the Board nominees whose information has been announced as per paragraph (6.1) of this Article.

## 7 DISTRIBUTION OF DIVIDENDS

- 7.1 The Company has put in place a clear policy which regulates the distribution of dividends to achieve the interests of the shareholders of the Company and the Company. *For further details on the dividends procedures, please refer to the dividends distribution policy adopted by the Board.*

## 8 COMPETENCIES OF THE EXTRAORDINARY GENERAL ASSEMBLY

- 8.1 The Extraordinary General Assembly shall have the following Competencies:
- (a) Amending the Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law.
  - (b) Increasing the Company's share capital in accordance with the scenarios provided by the Companies Law and its implementing regulations.
  - (c) Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the scenarios provided by the Companies Law and its implementing regulations,
  - (d) Deciding the use of the reserve allocated for specific purposes in the Company's bylaws.
  - (e) Resolving to maintain or liquidate the Company before the end of the term specified in its bylaws.
  - (f) Approving the buy-back of the Company's shares.
  - (g) Issuing preferred shares or redeemable shares or approving their buying, or converting a type or class of the Company's shares into another type or class of shares as per the Company's bylaws and the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
  - (h) Issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds.
  - (i) Allocate shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them.
  - (j) Suspending preemptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's bylaws.
- 8.2 The Extraordinary General Assembly may issue resolutions that fall within the powers of the Ordinary General Assembly, provided that such resolutions are issued in accordance with the issuance

requirements of Ordinary General Assembly resolutions which is the majority of voting rights represented at the meeting.

## 9 COMPETENCIES OF THE ORDINARY GENERAL ASSEMBLY

- 9.1 Except for the competencies reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in all affairs of the Company, and particularly the following:
- (a) Electing and removing Board members of the Company.
  - (b) Authorizing a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and its implementing regulations.
  - (c) Authorizing a Board member of the Company to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its implementing regulations.
  - (d) Monitoring the compliance of the Board members of the Company with the provisions of the Companies Law and its implementing regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and its implementing regulations.
  - (e) Review and discuss the Company's financial statements.
  - (f) Review and discuss the Board report.
  - (g) Deciding on the proposals of the Board of the Company with respect to the method of distributing the net profits.
  - (h) Appointing one or more external auditor of the Company, specifying his fees, reappointing him, dismissing him, discussing his report and making decisions in this regard.
  - (i) Looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external auditors, regarding their access as granted by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard.
  - (j) Deciding the use of the Company's reserves, if such has not been set aside for a specific purpose in the Company's bylaws, provided that using such reserves shall be based on a proposal of the Company's Board and used in ways that benefit the Company or the shareholders.
  - (k) Forming the Company's reserves and determining their uses.
  - (l) Setting aside amounts from the Company's net profits to achieve social purposes for the benefit of the Company's employees in accordance with Article (123) of the Companies Law.
  - (m) Approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said assembly is required.

## 10 SHAREHOLDERS ASSEMBLY

- 10.1 The Ordinary General assembly shall convene in accordance with the situations and circumstances stated in the Companies Law and its implementing regulations and the Company's bylaws.
- 10.2 The annual Ordinary General Assembly shall convene at least once within the six months following the end of the Company's financial year.
- 10.3 The General and Special Shareholders' Assemblies shall convene upon an invitation from the Board of the Company in accordance with the situations stated in the Companies Law and its implementing regulations and the Company's bylaws. The Board of the Company shall invite the Ordinary General Assembly to convene within 30 days from the date of the external auditor request, the audit committee or a number of shareholders holding shares equal to at least (10%) of the Company's shares that have voting rights. The external auditor may invite the Ordinary General Assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request indicating the agenda of said Ordinary General Assembly.
- 10.4 The date, place and agenda of the General Assembly shall be announced at least twenty-one days prior to the date thereof; the invitation shall be published on the website of the Exchange and the Company's website. The Company may invite the General and Special Shareholders' Assemblies to convene using contemporary technology.
- 10.5 The Company may amend the agenda of the General Assembly within a period between publishing the announcement referred to in paragraph (10.4) of this Article and the date of convening the General Assembly meeting, provided that the Company shall announce this as prescribed in paragraph (10.4) of this Article.
- 10.6 Shareholders of the Company shall be granted the opportunity to effectively participate and vote in the General Assembly meetings. The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
- 10.7 The Board of the Company shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting.
- 10.8 The Company shall ensure recording the details of the shareholders who desire to attend at the Company's head office prior to the specified time for convening the assembly, unless the Company's bylaw state other means.

## 11 THE AGENDA OF THE GENERAL ASSEMBLY

- 11.1 When preparing the General Assembly's agenda, the Board of the Company shall take into consideration the matters that the shareholders wish to list; shareholders holding no less than (10%) of the Company's shares that have voting rights are entitled to add one or more items to the agenda upon its preparation.
- 11.2 The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which any Board member has a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.
- 11.3 The shareholders shall be allowed through the Company's website and the Exchange's website, when

the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the audit committee's report in order to enable them to make an informed decision in this regard. The Company shall update this information in case the General Assembly's agenda was amended.

## 12 MANAGEMENT OF THE SHAREHOLDERS' ASSEMBLY

- 12.1 The Shareholders' General Assembly meetings shall be chaired by the chairperson, his deputy (if the chairperson is absent) or whom is delegated by the Board of directors of its members (when the chairperson and his deputy are absent); and if not possible, the General Assembly shall be chaired by whom the shareholders delegate from the Board members or others by voting.
- 12.2 The chairperson of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedure that may prevent their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.
- 12.3 Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest.
- 12.4 Shareholders shall be granted access to the minutes of the General Assembly meeting; and the Company shall provide the Authority with a copy of such minutes within (10) days of the date of any such meeting.
- 12.5 The Company shall announce to the public and inform the Authority and the Exchange, as per the rules prescribed by the Authority, of the results of a General Assembly meeting immediately following its conclusion.

## 13 OVERVIEW - THE BOARD OF DIRECTORS

- 13.1 The Company's bylaws shall specify the number of the Board members, provided that such number shall not be less than three.
- 13.2 The majority of the Board members shall be of Non-Executive Directors.
- 13.3 The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.
- 13.4 The General Assembly shall elect the Board members for the term stated in the Company's bylaws, provided that such term shall not exceed four years. Board members may be re-elected, unless otherwise provided for in the Company's bylaws.
- 13.5 The Company has adopted a Board Charter and the Policies, Standards and Procedures for Membership in the Board to further regulate the responsibilities and the main functions and any other activities relating to the Board. *For further details on the procedures and rules governing the Company's Board, please refer to the Company's internal policies which are prepared in this regard.*

## 14 OVERVIEW - CONFLICTS OF INTEREST

- 14.1 The Board has developed an explicit Related Party Transactions and Conflict of Interest Policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, the Executive Management or any other employees of the Company when dealing with the

Company or other Stakeholders. *For further details on procedures dealing with conflicts of interest, please refer to such policy.*

## 15 OVERVIEW - COMPANY COMMITTEES

15.1 The Board shall form specialised committees as follows:

- (a) As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
- (b) The formation of the committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each committee, and the manner in which the Board monitors the activities of each committee. The committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties delegated to them.
- (c) Each committee shall be responsible before the Board for its activities, this shall not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to such committee.
- (d) The number of members of a committee shall not be less than three or more than five.
- (e) The chairmen or whom they delegate of each committee members, shall attend the General Assembly Meetings and answer any questions raised by the shareholders.
- (f) The Company shall provide the CMA with the names of the members and the types of their memberships in such Board's committees within five days of their appointment, and shall notify the CMA of any changes thereto within five days of the date of such changes.

15.2 A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve a conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to membership of the Board, appointment of Senior Executives and determining the remuneration. Chairmen and members of these committees shall comply with duties of care and loyalty and shall attend to the interests of the Company and its shareholders, and prioritize them over their personal interests.

15.3 Each committee shall assess the matters that fall within its authority or those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith. The committees shall take decisions in regards to these matters if delegated by the Board.

15.4 The committees may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management.

15.5 No member of the Board or the Executive Management except the secretary or a member of the committee may attend the meetings of a committee unless such committee requests his/her opinion or advice.

15.6 Committee meetings are valid if attended by a majority of its members as specified under each committees' charter approved by the Board. Resolutions of the committees shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant committee shall have the casting vote.

15.7 Board meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the committees and voting results shall



be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.

15.8 The Company shall have an audit committee, remuneration and nomination committee, executive committee and IPO Committee. Furthermore, the General Assembly and the Board has developed an explicit charter to govern and regulate each of the said committees. *For further details, please refer to the following approved charters:*

- (a) *The Audit Committee Charter .*
- (b) *The Executive Committee Charter.*
- (c) *The Remuneration and Nomination Committee Charter.*
- (d) *The IPO Committee Charter*

## **16 INTERNAL CONTROL**

16.1 The Company has put in place the Audit Committee Charter to govern procedures and activities relating to, but not limited to, the internal control system, independent units or departments within the Company, duties of the internal audit and its composition, the internal audit plan and report and maintain internal audit reports. *For further details, please refer to the Audit Committee Charter.*

## **17 ASSIGNING THE AUDIT FUNCTION - EXTERNAL AUDITOR**

17.1 The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses 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 express the financial position of the Company and its performance in the significant areas.

## **18 APPOINTMENT OF THE EXTERNAL AUDITOR**

18.1 The Ordinary General Assembly shall appoint the Company's external auditor based on a recommendation from the Board, provided that the following requirements are met:

- (g) The nomination shall be based on a recommendation from the audit committee.
- (h) The external auditor shall be authorized by the competent Authority.
- (i) The external auditor's interests shall not conflict with the interests of the Company.
- (j) The number of nominees shall not be less than two.

## **19 DUTIES OF THE EXTERNAL AUDITOR**

19.1 The external auditor of the Company shall owe the duties of loyalty and care to the Company.

19.2 The external auditor of the Company shall notify the Authority if the Board of the Company fails to take appropriate actions in respect of suspicious issues it raises.

19.3 The external auditor of the Company shall request the Board of the Company to call for a General Assembly meeting if the Board has not facilitated his mission; and shall be liable to compensate the

Company, the shareholders or third parties for the damages resulted from errors it commits during its engagement. If an error is attributable to more than one external auditor, they shall be jointly responsible therefor.

## **20 REPORTING NON-COMPLIANT PRACTICES - STAKEHOLDERS**

- 20.1 The Company has put in place the Corporate Culture and Business Ethics Policy to cover the whistleblowing policy to regulate the procedures to be followed by Stakeholders when submitting complaints or reporting any violations. *For further details, please refer to the Corporate Culture and Business Ethics Policy.*

## **21 OVERVIEW - PROFESSIONAL AND ETHICAL STANDARDS**

- 21.1 The Company has put in place the Corporate Culture and Business Ethics Policy to cover the professional conduct policy to regulate professional conduct and ethical values at the Company. *For further details, please refer to the Corporate Culture and Business Ethics Policy.*

## **22 OVERVIEW - DISCLOSURE AND TRANSPARENCY**

- 22.1 The Company has put in place the Disclosure Policy to deal with the disclosure requirements provided for in the Companies Law and the Capital Market Law and their implementing regulations. *For further details, please refer to the Disclosure Policy.*

## **23 OVERVIEW - RETAINING OF DOCUMENTS**

- 23.1 The Company shall retain all minutes, documents, reports and other papers required to be maintained in the Company's head office for at least ten (10) years as per the Corporate Governance Regulations. This shall include the Board report and audit committee report. Without prejudice to this period, the Company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

## **24 REVIEW AND AMENDMENT - CLOSING PROVISIONS**

- 24.1 The Board has established this Manual and shall review and update it pursuant to statutory requirements and best practices.

## **25 ENTRY INTO FORCE**

- 25.1 This Manual shall be effective and implemented from the date approved by the Board.