

**By-laws of
SAUDI BASIC INDUSTRIES CORPORATION
(SABIC)**

A Listed Saudi Joint Stock Corporation (JSC)

**Incorporated in compliance with Royal Decree No. M/16 dated 13/09/1396 corresponding to
06/09/1976**

(SABIC By-laws)

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Chapter (1): Incorporation

Article (1): Incorporation and Name of the Corporation

A Saudi joint stock corporation shall be incorporated in accordance with the Law of Companies, Regulations thereof and these By-laws and shall be called SAUDI BASIC INDUSTRIES CORPORATION, abbreviated as (SABIC).

Article (2): Head Office:

The Head Office of the Corporation shall be in the city of Riyadh, Kingdom of Saudi Arabia. The Corporation may, if necessary, incorporate branches inside and outside the Kingdom by virtue of a resolution from the Board of Directors.

Article (3): Objectives

The objectives of the Corporation shall be as follows:

- a) Execution of petrochemical, fertilizer and other hydrocarbon-based industries.
- b) Construction of iron and steel and aluminum industries.
- c) Incorporation of other industries.
- d) Execution of projects necessary to supply the Corporation with its raw material requirements.
- e) Marketing, selling and distribution of industrial products inside and outside the Kingdom. The Corporation may, for realization of its objectives, carry out for its own account or for third parties' account, all industrial, financial and commercial activities of whatever kind whether related to real estate or chattels.
- f) Trading, exportation and re-exportation of petrochemical materials, metals, fertilizers, soil conditioners/amendments, equipment and others; for the purpose of marketing or re-manufacturing.
- g) Management of affiliates or participation in the management of other companies in which the Corporation is a shareholder and provision of the necessary support for them.

The Corporation shall carry out its activities in compliance with the applicable laws and after obtaining the required licenses from the concerned authorities, if any.

Article (4): Ownership, Participation and Merger

The Corporation may incorporate other companies, or may have an interest or may participate in any manner with other Saudi or foreign companies, organizations, entities or establishments conducting activities similar to those practiced by the Corporation, or conducting businesses that may assist in realizing its objectives. Moreover, the Corporation may own shares and stocks in other existing companies, or merge with them, and shall have the right to participate with others in forming companies after satisfaction of the requirements of the laws, regulations and instructions applicable in this respect. The Corporation may further dispose of such shares or stocks provided that disposition thereof should not include brokerage in the said shares or stocks.

Article (5): Duration:

The Duration of the Corporation shall be ninety nine (99) years commencing from the date of issuance of the Royal Decree authorizing its incorporation. Such duration may be extended for similar or shorter period(s) by a resolution to be issued by the Extraordinary General Meeting at least one year before the end of the duration.

Article (6): Corporate Body/Juristic Personality

The Corporation shall be deemed duly existing and having an independent juristic personality as of the date of the Royal Decree authorizing its incorporation. The Corporation's Board of Directors shall take the necessary procedures for its publication.

Chapter 2: CAPITAL OF THE CORPORATION AND SHARES

Article (7): Capital

The capital of the Corporation shall be thirty billion Saudi Riyals (SR 30,000,000,000), divided into three billion (3,000,000,000) *ordinary cash shares*, each having a stated value of ten Riyals, totally being subscribed to and paid up.

Article (8): Ownership of Shares:

The Government -represented by the Public Investment Fund (PIF) -shall retain ownership of at least twenty-five percent (25%) of the shares of the Corporation throughout the whole duration of the Corporation. A portion of these retained shares may be sold by virtue of Cabinet decree (decision of the Council of Ministers) by the normal procedure followed in the public offering of the shares of joint stock companies for general subscription according to the relevant laws.

Any single person shall not be entitled to own more than the ratio of one of one percent (1%) of the Corporation's capital, except for Saudi public corporations / organizations.

Article (9): Selling the Unpaid Shares

The value of the shares shall be paid on the fixed date and by whichever manner set forth by the Board of Directors. Successive owners of a share shall be jointly liable to the Corporation for the payment of the value of such share. If the shareholder defaults in the payment of the remaining of the share's value, the Corporation shall, after giving notice to such shareholder by registered mail, cancel the share the remaining value of which has not been paid, and to issue a new share bearing the same serial number of the cancelled share. The new share shall be sold at a public auction and registered in the Corporation's books in the name of the buyer (the new owner). The Corporation shall recover from the proceeds of the sale such amounts as are due to it and shall refund the balance to the defaulting shareholder. If the proceeds of the sale fall short of the amount due, the Corporation shall have a claim on the entire assets of the defaulting shareholder for the unpaid balance. The defaulting shareholder may avoid the compulsory sale of his share by paying the amount due from him, and the expenses incurred by the Corporation up to the date fixed for the auction.

Article 10- Issuance of Shares:

Shares shall be nominal and shall not be issued at less than par value, but may be issued at a premium; in which case the difference of value shall be added to an independent budgetary item as part of Shareholders' entitlements and shall not be distributed to Shareholders as profits.

A share shall be indivisible as far as the Corporation is concerned. If a share is jointly owned by several persons, they must elect one of them to exercise the rights attached to such share on their behalf, but they shall be jointly liable for the obligations arising from such ownership.

Article 11- Trading of Shares

Shares shall be traded according to the Capital Market Authority (CMA) laws and regulations as well as any other relevant laws and regulations.

Article (12): Privileged Shares:

Pursuant to a resolution of the Extraordinary General Meeting, the Corporation may issue privileged /preference or ordinary shares and may buy, sell, pledge/mortgage and convert its ordinary or preference shares according to the criteria set forth by the concerned party.

Article (13): Increase of Capital

- A- The Corporation's capital may be increased by resolution of an Extraordinary General Meeting, on condition that the Capital has been fully paid-up unless the unpaid portion of the Capital pertains to shares issued against the conversion of debt tools or finance bonds into shares and the period prescribed for such conversion has not yet elapsed. Such resolution shall specify the method of increasing the share capital.
- B- In all cases, the shares issued upon increasing the capital, or a part thereof, may be allocated for the employees of the Corporation and its affiliates or some of its affiliates by resolution of an Extraordinary General Meeting. Shareholders may not exercise the right of priority in subscribing to the shares allocation for the aforementioned employees.
- C- With due regard to Article 8 above, the shareholders shall have priority in subscribing to the new shares in cash according to the provisions of the Law of Companies and the law of the Capital

Market Authority (CMA). Shareholders shall be informed of such priority by publication in a daily newspaper or by posting on CMA website or the Corporation's website of the resolution to increase the capital and the terms of subscription. Shareholders must show their desire to subscribe within fifteen (15) days from the above date of publication.

- D- Subject to the criteria set forth by the competent party, a shareholder may sell or assign the right of priority within the period from the date of issuance of the General Meeting's resolution approving the capital increase until the last day of subscription to the new shares associated with such right.
- E- The new shares issued upon increasing the capital may be for cash or for contributions in kind. In case of contribution in kind, the Board of Directors shall take all actions stipulated for in the provisions of the Law of Companies/Companies Regulations to verify the validity of estimating the value of such shares;
- F- Subject to the provisions of Paragraph (D) above, the new shares shall be distributed amongst the holders of priority rights who have requested to subscribe to such shares as per their respective priority rights in proportion to the total priority rights resulting from the capital increase, provided that the new shares obtained by them shall not exceed the shares requested by them. The remaining new shares shall be distributed to the holders of priority rights who have requested more than their share. Distribution of new shares to such holders of priority rights shall be proportional to the priority rights held by them out of the total priority rights resulting from the capital increase provided that the new shares obtained by them shall not exceed the shares requested by them. Thereafter, the remaining shares shall be offered for subscription by others unless the Extraordinary General Meeting decides otherwise or it is otherwise stipulated for in the CMA Law.

Article (14): Reduction of Capital

Subject to Article (8) of these By-laws, the Capital may be reduced by resolution of the Extraordinary General Meeting based on recommendation from the Board of Directors should the Capital be in excess of the needs of the Corporation or if the Corporation incurs losses. Such resolution shall specify the extent and method of reduction.

Chapter (3): Management of Corporation

Article (15): Formation of the Board of Directors

The Corporation shall be managed by a Board of Directors of nine (9) members with the expertise required for managing the business of the Corporation. Five (5) members nominated by the Public Investment Fund (PIF) shall represent the Government share and shall include both the Chairman of the Board of Directors and the Vice Chairman who shall also be the Chief Executive Officer (CEO). The Vice Chairman of the Board of Directors and CEO shall work on a full-time basis and shall act in lieu of the Board Chairman in case of his absence. The Board members shall be elected by the Ordinary General Meeting for a renewable term not exceeding three (3) years. Moreover, the Ordinary General Meeting shall specify the remunerations and allowances of the members of the Board of Directors in compliance with the Law of Companies and the rules and instructions issued by the competent authority; whether such remuneration consists of a specified salary, an attendance allowance for the meetings, or a percentage of profits. The remuneration may also consist of a combination of two or more of these benefits. The annual report of the Board of Directors shall include an illustration of the remunerations and allowances paid to the Board members.

Article (16): Meetings of the Board

The Board of Directors shall meet at the Head Office at the invitation of its Chairman at least twice a year. The Chairman must call for a meeting whenever requested to do so by two (2) Board Members. The Board may convene in a place other than Corporation's Head Office, if necessity arises. The meeting of the Board shall not be valid unless it is attended by at least five (5) members, three (3) of whom shall be the representatives of the Government.

Article (17): Board Resolutions and Deliberations

Resolutions of the Board shall be adopted by majority votes of the members present. In case of a tie, the Chairman's vote shall be the casting vote. Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, the present Board members and the Secretary of the Board and shall be kept in a special register to be cosigned by the Chairman and Secretary of the Board. Moreover, the Board

of Directors may adopt resolutions by way of passing to the members severally unless a member requests the Board to convene for deliberations on them. Such resolutions shall be presented to the Board of Directors in its next meeting.

Article (18): Authority and Jurisdiction of the Board

(A) Subject to the authorities vested in the General Meeting, the Board of Directors shall have the broadest authority to manage the business and affairs of the Corporation and undertake all acts and deeds achieving the objectives of the Corporation, including, inter alia, disposing of the Corporation's assets, properties and real estate. The Board shall have the right to purchase, accept the purchase, pay the price, mortgage, redeem, sell, transfer ownership, receive the price, deliver the sold item, give donations, grant gifts and accept the same. In the resolutions on acts of the Corporation's assets, properties and real estates, the following shall be observed:

1. The Board of Directors shall specify reasons and justifications for the sale in the sale resolution.
2. The Sale must be approximate to the equivalent price.
3. The Sale must be prompt, except in necessity cases, wherein sufficient warranties must be submitted.
4. Such acts must not be followed by stopping some Corporation business activities, or burdening the Corporation with further obligations.

The Board of Directors may also conclude contracts of loans of whatsoever terms/periods with financing funds and institutions. The Board of Directors may conclude loan contracts with the Commercial Financial Institutions, provided that such loans' terms shall not exceed the end of the Corporation's duration. As for loans with terms exceeding three years, the following conditions should be observed:

1. Within the fiscal year, the Board of Directors may contract loans provided that their total value shall not exceed the corporate capital.

2. The Board of Director shall specify in its resolution the aspects of using the loan, and method of repayment thereof.
3. The terms and conditions of loan and the pertinent guarantees must hold harmless the Corporation and its shareholders.

The Board of Directors shall have the right to grant appropriate loans and financial facilities to the Corporation's affiliates in which the Corporation owns stocks or shares. The Board of Directors shall have the right to guarantee the loans of such affiliates.

The Board of Directors may delegate, within the limits of its jurisdiction, one or more of its members or third party to take specific actions or procedures.

- (B) The Board of Directors may, at its own discretion, discharge the debt of Corporation's debtors in accordance with the Corporation's interests, provided that the minutes and grounds of the resolution of the Board of Directors shall observe the following:
- 1- Discharge / acquittal shall be after the lapse of at least one complete calendar year following the maturity of debt.
 - 2- Discharge of debt shall be for a ceiling amount specified for each year, for each debtor.

Discharge of debt is an exclusive right of the Board of Directors and may not be delegated except in cases pertaining to the Corporation's debtors who are its employees or the like

Article (19): Authority of Board Chairman

The Chairman of the Board of Directors, or any representative approved by the Board, may appear before courts of law and arbitration panels on behalf of the Corporation. The Board shall specify the authorities and jurisdictions not covered by these By-laws.

The Chairman of the Board of Directors may authorize one or more persons to take specific actions or procedures or carry out specific works

Article (20): Vacancy of Board Membership

If the office of any Board Member not representing the Government becomes vacant, the Board of Directors may appoint a temporary member to fill the vacancy regardless of the number of votes attained, provided that such temporary appointment shall be laid before the first Ordinary General Meeting. If the office of any Board member who represents the government becomes vacant, the Board may appoint a temporary member to fill the vacancy based on a nomination by the Public Investment Fund (PIF), provided that such temporary appointment shall be laid before the first Ordinary General Meeting. In both cases, the Ministry of Commerce and Investment and the Capital Market Authority (CMA) shall be notified with such appointment within five (5) business days from the date of appointment. The new member shall complete the unexpired term of his predecessor. If the number of Board Members falls below three (3), the Ordinary General Meeting must be convened within sixty (60) days to elect the required number of members.

Article (21): Authority of CEO:

The Chief Executive Officer shall execute the Board of Directors' resolutions, administer the day-to-day business of the Corporation and preside over & manage all Corporation employees under the supervision and control of the Board of Directors. Moreover, the Board of Directors shall outline the duties and powers of the Chief Executive Officer in whatever respect not provided for in these By-laws.

Article (22): Remuneration of CEO

The Board of Directors shall specify the Chief Executive Officer's remunerations, salaries or other material/in-kind benefits, in addition to the remuneration prescribed for the Members of the Board

Article (23): Authority for signing on behalf of the Corporation:

The Chairman of the Board of Directors, or any representative approved by the Board, shall have the right to sign on behalf of the Corporation. The Chief Executive Officer, or his representative approved by the

Board Chairman shall have the right to sign on behalf of the Corporation within the scope of the Chief Executive Officer's prescribed powers and authorities.

Article (24): Executive Vice Presidents

The Board of Directors may appoint one or more Executive Vice Presidents working under the supervision of the Chief Executive officer and the Board of Directors. The Executive Vice President may be authorized to sign on behalf of the Corporation.

Chapter (4): Shareholders' Assemblies / General Meeting

Article (25): General Meeting

A duly constituted General Meeting represents all shareholders, and its adopted resolutions within its jurisdiction - as per these Bylaws - shall be binding to all shareholders.

Article (26): Attending General Meetings -

Every shareholder shall have the right to attend the General Meeting in person, or via a written proxy given to another shareholder or another person who is not himself a member of the Board of Directors or an employee at the Corporation. The juristic personalities, including the Public Investment Fund, shall designate their respective representatives in the Shareholders' General Meetings.

Article (27): Registration for Attendance of General Meetings

Shareholders intending to attend the Meeting shall register their names prior to the date of the Meeting. A statement shall be prepared showing the names and residence addresses of shareholders, present or represented; the number of shares held by each of them, in person or by proxy, and the number of votes assigned to these shares

Article (28): The General Meeting

The General Meeting shall be held at the Corporation's headquarters, and shall be convened at least once a year within the next six months following the end of the Corporation's fiscal year. The Board of Directors may call other Ordinary General Meetings whenever it deems necessary. The Board of Directors shall call a General Meeting when so requested by the Auditor / Comptroller or by a number of shareholders representing at least five percent (5%) of the capital. If one month elapses after the date fixed for holding the Meeting without calling the said Meeting, the Concerned Party shall have the right to call the Meeting upon request by a number

of shareholders representing at least two percent (2%) of the capital if the cases stipulated for in the Law of Companies are met.

Article (29) –Call for General Meetings

The invitation for the General Meeting, venue, and agenda shall be published at least ten (10) days ahead of the date fixed for convening the Meeting. The invitation shall be posted on the CMA website, the Corporation's website and shall also be published in a daily newspaper widely circulated in Saudi Arabia. The invitation shall include the date, time, venue and agenda of the General Meeting in addition to the items requiring approval by Shareholders. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce and Investment and the CMA during the period fixed for publication

Article 30: Presiding Over the General Meetings-

The Chairman of the Board of Directors or whoever he designates in case of his absence, shall preside over the General Meeting. In case of the absence of both the Chairman and his designated representative, the Board of Director shall designate one of its members to preside over the Meeting. The Chairman shall appoint a Secretary and the General Meeting shall approve his appointment.

Article (31): Votes at the General Meetings

Votes at the Ordinary and Extraordinary General Meeting shall be counted on basis of one (1) vote per share, provided that accumulative voting shall be adopted in the General Meeting for election of members of the Board of Directors. Nevertheless, members of the Board of Directors may not vote on the resolutions of the Meeting relevant to their relief from liability for the periods of their membership

Article (32): Jurisdictions of the Ordinary General Meeting

The Ordinary General Meeting shall have the jurisdiction to tackle all affairs pertaining to the Corporation other than those entrusted to the Extraordinary General Meeting.

Article (33): Quorum of Ordinary General Meeting

The Ordinary General Meeting shall not be valid unless attended by shareholders representing at least fifty percent (50%) of the capital. If such quorum requirement is not met at the first meeting, a second meeting shall be called to be held within the next thirty (30) days following the date of previous meeting. The second meeting shall be valid regardless of the number of shares represented thereat. Resolutions shall be passed by majority votes, and in case of a tie, the Chairman's vote shall carry (shall be the casting vote)

The General Meeting may not deliberate on subjects other than those on its agenda, unless an unexpected matter arises after calling the Meeting and before or during its session.

Article (34): Jurisdictions of Extraordinary General Meeting:

The Extraordinary General Meeting shall be empowered with amending the provisions of these By-laws - except for the provisions which cannot be amended by virtue of law. The Extraordinary General Meeting may pass resolutions falling under the jurisdiction of the Ordinary General Meeting on the same conditions and in the same situations prescribed for the latter.

Article (35): Quorum of the Extraordinary General Meeting

The Extraordinary General Meeting shall be valid only if attended by shareholders representing at least sixty percent (60%) of the capital. If such quorum is not met at the first Meeting, a second Meeting shall be called to be held within the following thirty (30) days and shall be valid if attended by shareholders representing at least forty percent (40%) of the capital.. If the quorum is not met in the second meeting, a third meeting shall be called on the same conditions stipulated for in this Article and the third meeting shall be valid regardless of the number of shares represented thereat after the approval of the concerned party

Article (36): Resolutions of General Meetings

The Ordinary General Meeting passes its resolutions by absolute majority of the shares represented thereat, and in case of a tie, the Chairman's vote shall carry (shall be the casting vote). Meanwhile, the

resolutions of the Extraordinary General Meeting shall be passed by the two-thirds ($2/3$) majority of the shares represented at the Meeting. In case the resolution is related to increasing or decreasing the capital or extending or shortening the term/duration of the Corporation, it shall not be valid unless passed by three-fourths ($3/4$) majority of the shares represented at the Meeting

Chapter (5): THE AUDITOR / Comptroller

Article 37: Appointing the Auditor/Comptroller

The Corporation shall have one or more Auditors licensed to practice in the Kingdom. The Ordinary General Meeting shall appoint such Auditors annually, and shall determine their fees and may reappoint them as per the legally specified period of tenure. Moreover, the General Meeting may replace the auditor at any time without prejudice to his right for compensation should replacement occur at an inappropriate time or for an invalid excuse.

Article 38: Authority and Responsibility of the Auditor

The auditor shall present to the Ordinary General Meeting an annual report on the results of his work including Corporation's attitude as regards enabling him to obtain data and explanations requested by him, any violations which might have been discovered by him of the Companies Regulations or of these By-laws, and his opinion as to the extent fairness of the Corporation's financial statements

Chapter (6): CORPORATION'S Accounts and Distribution of Profits

Article (39): FISCAL YEAR

The Corporation's fiscal year shall begin on the first day of January and end on the last day December of each year. However, the first fiscal year shall cover the period from the date of Corporation's registration to the end of December of the following year..

Article (40): Financial Documents

At the end of each fiscal year, on a date that would allow holding the General Meeting during the next six months following the end of Corporation's fiscal year, the Board of Directors shall prepare the Balance Sheet, Profit and Loss Statement and a report on Corporation's activities and financial position during the elapsed fiscal year.

Article (41): Dividend Distribution:

The Corporation shall distribute the net annual or phased profits at the intervals specified by the concerned party as follows:

1. Annually, the Corporation shall set aside ten percent (10%) of the net profits to form the statutory reserve. The Ordinary General Meeting may decide to stop this deduction whenever the said reserve amounts to thirty percent (30%) of the capital of the Corporation. If in any year, the reserve falls below thirty percent (30%) of the capital, the Corporation shall again set aside until the reserve amounts to thirty percent (30%) of the capital. The Ordinary General Meeting has the authority to decide other kinds of reserves
2. After deducting the statutory reserve and any other reserve that may be decided by the Ordinary General Meeting, five percent (5%) of the paid-up capital shall be distributed from the annual net profits of the Corporation, to the shareholders as initial dividend.
3. With due regard to the provisions of the Law of Companies, the required amount shall be allocated for the Board members' remunerations approved by the Ordinary General Meeting in compliance with Article (15) of these Bylaws provided that entitlement for such remuneration shall be proportional to the number of sessions attended by the member and the member's jurisdictions and

responsibilities. Thereafter, the balance shall be shall then be distributed to the shareholders as an additional dividend or carried over to the next years

Article (42): Entitled Profits:

Dividends shall be distributed in the place and at the times determined by the Board of Directors.

Chapter (7): Debt Tools and Finance Bonds (SUKUK)

Article (43): Debt Tools, Finance Bonds and SUKUK

As per the criteria set forth by the concerned party, the Board of Directors may issue debt tools and (bonds/Sokouk) or any other tradable /negotiable securities whether per one unit, many units or through chain issues pursuant to one program or more to be established by the Corporation from time to time in all times, in amounts and subject to conditions and dates approved by the Board of Directors. Meanwhile, the Board of Directors shall have the right to take all required procedures to issue such (bonds/sokouk) or any other securities.

Chapter (8): DISSOLUTION OF THE CORPORATION

Article (44): Losses of Corporation-

If the losses of the Corporation amount to half the paid up capital, the Board of Directors shall call the Extraordinary General Meeting to convene to decide whether to increase the capital or reduce it to the extent at which the losses fall below fifty percent (50%) of the paid up capital or to dissolve the Corporation prematurely, before the end of the duration set forth in these Bylaws unless it is otherwise decided by the Extraordinary General Meeting.

Article (45)- Wound up of the Corporation

Upon expiration of Corporation's duration, or in the event of its dissolution before the end of its duration, the Extraordinary General Meeting shall specify the liquidation procedure, and shall appoint one or more liquidators and define their powers, their fees, the restrictions upon their authorities and the time required for liquidation. The voluntary dissolution period shall not exceed five (5) years and may not be extended unless by virtue of a judicial order. The authorities of the Board of Directors shall end with the dissolution of the Corporation, but the Ordinary General Meeting shall continue in session throughout the Liquidation period and until it approves liquidation process.

Chapter (9): CLOSING PROVISIONS

Article (46): Closing Provisions-

The provisions of the Regulations for Companies/Law of Companies and Corporate Governance Regulations shall apply to whatever item not explicitly covered by these By-laws and the Bylaws shall be published in compliance with the Law of Companies and the Regulations thereof.