



EXECUTIVE & RISK COMMITTEE CHARTER

Annexure III – Executive & Risk Committee Charter

1. Mission

- 1.1. The Board's Executive & Risk Committee ("Committee") of Power and Water Utility Company for Jubail and Yanbu ("MARAFIQ") is a standing committee of the Board of Directors ("Board").
- 1.2. The primary purpose of the Committee is to consider matters delegated to it by the full Board and the following:
 - Review the five-year business plans, the operating plans, the capital expenditure programs and other studies or plans that will have a significant impact upon the operations of the company.
 - Review corporate investment guidelines for the financial assets.
 - Review corporate guidelines on environmental management.
 - Review corporate guidelines on health and safety management.
 - Promote efficiency in the production and use of potable and process water, sanitary and industrial wastewater, seawater cooling and electricity services in the industrial cities of Jubail and Yanbu.
 - Ensure the quality and reliability of those services.
 - Ensure all reasonable demands for those services are met.
 - Ensure the continuation of financial viability of licenses.
 - Review rates and tariffs on regular basis.

2. Membership

- 2.1. The Board shall appoint members of the Committee upon the recommendation of the Nomination and Remuneration Committee. The Committee shall consist of not less than three and not more than five members and at least two members shall be non-executive directors.
- 2.2. Members of the Committee and the Committee Chair shall be appointed by and may be removed by the Board on the recommendation of the Nomination and Remuneration Committee.
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, other directors or executive management team such as Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, and Vice President Corporate Strategy may be invited to attend all or part of any meeting as and when appropriate.

- 2.4. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

The Board Secretary or other nominee appointed by the committee shall act as the Secretary of the Committee.

4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be the majority of the Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 4.2. Resolutions of the Committee shall be issued by a majority of the votes present and, in case of a tie, the Chairman of the Committee shall have the casting vote.

5. Meetings

The Committee shall meet at least four times every year and at such times as the Chairman of the Committee shall require.

6. Notice of Meetings

- 6.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman.
- 6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

- 7.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

8. Annual General Assembly Meeting

The Chairman of the Committee shall attend the Annual General Assembly, and be prepared to respond to any shareholder questions on the Committee's activities.

9. Duties

The Committee shall perform all such actions and activities as may be referred to it from time to time by the Board, and the following duties below:

9.1 Review, advise and make recommendations to the Board regarding:

- Operating plans, capital plans and five-year business plans.
- Delegation of authority for MARAFIQ corporate entity.
- Financial investment guidelines for financial assets.
- Environmental guidelines.
- Health and safety guidelines.
- The issuance, monitoring and enforcement of compliance with licenses for the provision of potable and process water, wastewater, seawater cooling and electricity services in the industrial cities of Jubail and Yanbu pursuant to company's articles of association.
- The establishment, maintenance, review and amendment as appropriate of technical and performance standards for the water, wastewater, seawater cooling and electricity sectors and the monitoring and enforcement of compliance with such technical standards.
- The establishment, maintenance, review, monitoring and amendment as appropriate of customer care standards.
- The regulation of prices charged to consumers of potable and process water, wastewater, seawater cooling and electricity services and the methods

by which they are charged.

- Approving, modifying, monitoring and enforcing terms and conditions for the supply of potable and process water, wastewater, seawater cooling and electricity to customers.
- Approving and proposing modifications to the technical codes.
- Making regulations and orders as provided in the company's articles of association.

9.2 In carrying out its functions under the company's articles of association the

Committee shall:

- Act in as consistent a manner as is practicable.
- Impose on licensees the minimum restrictions which are consistent with the proper performance of its functions.
- Take into account the need for licensees to finance and plan their businesses with a reasonable degree of assurance.
- Not discriminate unduly or unfairly between holders of licenses or between applicants for licenses.
- Wherever possible to do so, give its decisions in writing together with the reasons for reaching such decisions.

9.3 The committee shall maintain a register that shall include:

- Every license and license exemption issued.
- Every modification, revocation or surrender of a license.
- Every requirement imposed or consent or approval given by the Board under the terms of any license.
- Every preliminary or final order and revocation of such order.
- Every derogation from performance of a condition of a license issued by the Board.

9.4 Risk Management Systems

The Committee shall:

9.4.1 Keep under review the effectiveness of MARAFIQ's risk management systems.

9.4.2 Advise and make recommendations to the Board regarding Risk Management Framework (including enterprise-wide risk management policies and procedures).

- 9.4.3 Review and approve the information to be included in the Annual Report concerning risk management.

10. Reporting Responsibilities

- 10.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11. Other

The committee shall have access to sufficient resources in order to carry out its duties.

12. Authority

The Committee is authorized by the Board to seek any information it requires from any employee of MARAFIQ in order to perform its duties.

13. Review and Amendment

The Committee shall periodically review this Charter and recommend any amendments to it to the Board for approval.

14. Entry into force

This Charter shall be implemented and adhered to from the date approved by the Board.