

*Nomination and Remuneration Committee Work
Regulation
of
Thobe Al Aseel Company
1441 AH - 2020 AD*

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Article I: Definitions

Sr.	Words & Expressions	Meanings
1	Companies' Law	Companies' Law issued by Royal Decree No. (M/3) on 28/01/1437 AH.
2	Capital Market Law	Capital Market Law issued by Royal Decree No. (M/30) on 2/6/1424 AH.
3	Corporate Governance Regulations	CMA Council's Corporate Governance Regulation by Resolution No. (8-16 2017) dated 16/5/1438 AH - 13/02/2017 AD based on Companies Law issued by Royal Decree No. M/3 on 28/01/1437 AH as amended by CMA Council Resolution No. 3-57-2019 on 15/09/1440 AH - 20/05/2019 AD.
4	Company	Thob Al Aseel Company
5	Board of Directors	Company Board of Directors
6	Committee	The Nominations and Remunerations Committee emanating from the Board of Directors.
7	Member	Committee Member
8	Secretary	Secretary of Committee
9	Shareholders	Shareholders of the company
10	General Assembly	An assembly constituted of the company shareholders under the Company Law Provisions and the Company's Articles of Association.
11	Executive Member	A member of the Board of Directors who is a full-time member of the Executive Management of the company and participates in its daily business.
12	Non-executive Member	A member of the Board of Directors who is not free to manage the company and does not participate in its daily business.
13	Independent Member	A non-executive board member with full independence in his position and decisions. None of the independence incidents set out in Article 20 of the Corporate Governance Regulation shall apply to him.
14	Executive Management or Senior Executives	Persons entrusted with managing the company's day-to-day operations, proposing and implementing strategic decisions, such as the Chief Executive Officer, his deputies, and the Financial Officer.
15	Person	Any natural or legal person recognized by the Kingdom's regulations as such.
16	Remuneration	Amounts, allowances, profits, etc., periodic or annual performance-related remuneration, short or long-term incentive plans, and any other in-kind benefits, except for reasonable actual expenses incurred by the company on behalf of the Board member for performing his work.

Article II: Preamble

This regulation shall define the rules and procedures for the work of the Nomination and Remuneration Committee, its missions, the rules for selecting its members, the term of their membership, and their remuneration.

Article III: Introduction

The primary task of the Nomination and Remuneration Committee shall be to identify individuals who are qualified and nominated to be members of the Board of Directors and who meet the necessary conditions for membership, as well as assisting the Board of Directors in setting up a sound governance system and building the necessary policies and procedures for that. This regulation has been prepared in implementation of Paragraph (B) of Article 60 and Paragraph (B) of Article 64 of the Corporate Governance Regulations.

Article IV: Committee Composition

- 1- By a decision of the Board of Directors, a committee called the Nominations and Remunerations Committee shall be formed, merging between the Nominations Committee and the Remunerations Committee.
- 2- The members of this committee shall be (3) members who are not members of the executive Board of Directors, provided that at least one independent member shall be among them, enjoying scientific qualifications, appropriate practical training, and familiarity with the administrative aspects and the nature of the company's activity.
- 3- That its members be independent members of the Board of Directors. It shall be permissible to seek assistance from non-executive members or people who are not members of the Board, whether they are shareholders or others.
- 4- The Chairman of the Nominations and Remunerations Committee shall be one of the independent members.
- 5- That the members of the committee have scientific qualifications, appropriate practical training, and knowledge of the administrative aspects and the nature of the company's activity.
- 6- The Chairman of the Board of Directors shall not occupy the position of Chairman in the Nomination and Remuneration Committee.

Article V: Appointing and Exemption of Committee Members

- 1- In the event that one of the committee's seats becomes vacant during the period of its work due to death, resignation, disability, or exemption from membership of the committee at the request of the member, the Board of Directors shall appoint another member to occupy the vacant position in the committee, taking into account the conditions that shall be met by the member.
- 2- A member of the committee may be reappointed for another term.
- 3- Any member of the Committee may be exempted by a decision of the Board of Directors in the following cases:
 - a. Abuse by the member of his position in the committee or misconduct that the Board considers harmful to the objectives and reputation of the company in general and the committee in particular.
 - b. Absence of a member from attending three consecutive meetings without an excuse accepted by the Board of Directors.

Article VI: Committee's Jurisdictions

The committee shall be responsible for the following:

- 1- Proposing clear policies and criteria for membership in the Board of Directors and the Executive Management.
- 2- Recommending the Board of Directors to nominate and re-nominate its members in accordance with the approved policies and standards, ensuring not to nominate any person previously convicted of a breach of trust.
- 3- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying Executive Management positions.
- 4- Determining the time that the member shall allocate for the work of the Board of Directors.
- 5- Annual review of the necessary needs for skills or appropriate expertise for membership of the Board of Directors and Executive Management functions.
- 6- Reviewing the structure of the Board of Directors and the Executive Management and making recommendations regarding changes that can be made.
- 7- Annual verification of the independence of the independent members, and the absence of any conflict of interest if the member is a member of the Board of Directors of another company.

- 8- Developing job descriptions for executive members, non-executive members, independent members and senior executives.
- 9- Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.
- 10- Determining the weaknesses and strengths of the Board of Directors, and proposing solutions to address them in line with the company's interest.
- 11- Preparing a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account the adoption of performance-related standards, its disclosure, and verification of its implementation.
- 12- Clarifying the relationship between the remunerations granted and the applicable remunerations policy, and indicating any material deviation from this policy.
- 13- Periodic review of the remunerations policy, and evaluation of its effectiveness in achieving the desired goals.
- 14- Recommending to the Board of Directors the remuneration of the members of the Board of Directors and its committees and senior executives of the company in accordance with the approved policy.

Article VII: Facilitating the Missions of the Committee

The Board of Directors and the Executive Management shall take the necessary measures to enable the Committee to carry out the missions entrusted to it, including informing the Committee, without any restrictions, on all data, information, reports, records, correspondence or other matters that the Committee deems important to review.

Article VIII: The Committee's Work Method

- 1- The committee shall prepare an annual work plan that includes a description of the work it shall undertake during the next year in the form of work programs in which the estimated cost and the period required to complete each program are estimated, and this plan shall be submitted to the Board of Directors for approval.
- 2- The committee shall submit periodic reports to the Board of Directors that include the following:

- a. What it has accomplished of works and achievements.
- b. Deviations, errors, or important weaknesses that were discovered by the Committee in the formation of the Board of Directors or its sub-committees.
- c. Opinions and recommendations to address deficiencies in order to develop the structure of the Board of Directors and its committees and activate their work.

Article IX: Committee Meetings

- 1- The committee shall meet at the request of at least two members.
- 2- The committee shall meets regularly, at least every six months, and whenever the need arises.
- 3- For the validity of the committee meeting, the presence of the majority of its members shall be required, and its decisions shall be issued by the majority of the votes of those present.
- 4- The committee may hold its meetings through electronic means in person or by proxy. The attendance of members through video conferences or any electronic means shall be considered complementary to the quorum.
- 5- The committee may raise its decisions in urgent matters by presenting them to the members separately by passing, unless one of the members requests in writing the committee meeting to deliberate on it. These recommendations shall be presented to the committee at its first subsequent meeting.
- 6- If any member leaves the committee meeting before its conclusion, his reservation, if any, shall be limited to the recommendations and decisions he attended the discussion of, provided that he states in the minutes the items he attended the discussion if he expresses his desire to do so.
- 7- The Board of Directors shall be provided with a copy of the minutes of the committee's meetings.
- 8- No one other than the members of the committee, except for the committee's secretary, shall be entitled to attend its meetings unless the committee requests hearing his opinion or obtaining his advice.

- 9- The committee may seek the assistance of experts and specialists from inside or outside the company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, mentioning the name of the expert and his relationship with the company or the Executive Management.

Article XII: Jurisdictions of the Chairman, Vice-Chair and Secretary of the Committee

- 1- The members of the committee shall choose from among themselves a chairperson and a vice-chairman for the duration of the committee's membership, and the deputy shall assist the chairman in performing his duties and take his place in his absence.
- 2- The chairman of the committee shall supervise the committee's accomplishment of its missions, in particular the following:
 - a. Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, in coordination with the committee members.
 - b. Presiding over committee meetings.
 - c. Submitting the results of the committee's work and its recommendations to the Board of Directors.
 - d. Preparing the committee's budget, work plan and projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee in preparation for submitting it to the Board of Directors after being approved by the committee.
 - e. Preparing periodic reports on the activities of the Committee in coordination with the Secretary of the Committee and presenting them to the Committee in preparation for submission to the Board of Directors, after being approved by the Committee.
 - f. Representing the committee before the council and any other party that requires it.
- 3- The committee shall appoint a secretary for it and determine his remuneration, and he shall be responsible for the following:
 - a. Attending committee meetings, but not entitled to vote.
 - b. Preparing the minutes of the meetings, and notifying the dates of the sessions and the agendas of the members.
 - c. Carrying out all administrative work of the committee.
 - d. Commitment to maintain company secrets.
 - e. Refraining from engaging in any activity that may be in conflict with the company's interest.

- f. When selecting the committee's secretary, it shall be taken into account whether he has the scientific qualifications and practical experience that shall enable him to carry out the missions entrusted to him.
- 4- The Chairman of the committee, or whoever he deputizes from among its members, shall attend the general assemblies to answer the shareholders' questions.

Article XIII: Documentation of Committee's Meetings

The committee's meetings shall be documented, and minutes shall be prepared that include the discussions and deliberations that took place. The committee's recommendations and voting results shall be documented, kept in a special and organized record, and the names of the members present and the reservations they expressed - if any - shall also be documented. In addition, these minutes shall be signed by all members present.

Article XIV: Remuneration of Committee Members

- 1- Each committee member shall be entitled to a sitting allowance for each meeting. Each committee member shall also be entitled to an annual remuneration in accordance with the approved remuneration policy and the relevant rules and regulations.
- 2- The remuneration of the committee members shall be disclosed in the annual report of the Board of Directors of the General Assembly.

Article XV: Accreditation and Enforcement

This policy shall be implemented as of the date of its approval by the General Assembly - based on a proposal from the Board of Directors. It shall be notified to the concerned parties, and this regulation shall be reviewed as necessary.