

SAUDI ADVANCED INDUSTRIES COMPANY

Old and Updated Audit Committee Regulations

Old	Updated																		
<p>Introduction: With reference to the letter of the Minister of Commerce No. 222/400/9/4500 dated 8/19/1414 AH, and the decision of the company's general assembly on 11/27/1414 AH corresponding to 5/8/1994 AD to form an audit committee, and a reference to the corporate governance regulations issued by the Capital Market Authority On 5/16/1438 AH, the Audit Committee was formed according to the following controls:</p>	<p>Definitions</p> <table border="1"> <tr> <td>Company</td> <td>SAUDI ADVANCED INDUSTRIES COMPANY</td> </tr> <tr> <td>General Assembly</td> <td>General Assembly of Shareholders of SAUDI ADVANCED INDUSTRIES COMPANY</td> </tr> <tr> <td>Board of Directors</td> <td>Board of Directors of SAUDI ADVANCED INDUSTRIES COMPANY</td> </tr> <tr> <td>Committee</td> <td>Audit Committee formed by the Board of Directors of SAUDI ADVANCED INDUSTRIES COMPANY</td> </tr> <tr> <td>Regulations</td> <td>Audit Committee Charter of Saudi Advanced Industries Company approved by the General Assembly of Shareholders</td> </tr> <tr> <td>Committee Member</td> <td>Audit Committee member of Saudi Advanced Industries Company</td> </tr> <tr> <td>Executive Member</td> <td>Member who is dedicated to the executive management of the Company and participates in its daily operations</td> </tr> <tr> <td>Non Executive Member</td> <td>Member who is not dedicated to the Company's management, does not participate in its daily operations, and does not have any impediments to independence</td> </tr> <tr> <td>Independent Member</td> <td>Non-executive member who is fully independent in his position and decisions, and does not have any</td> </tr> </table>	Company	SAUDI ADVANCED INDUSTRIES COMPANY	General Assembly	General Assembly of Shareholders of SAUDI ADVANCED INDUSTRIES COMPANY	Board of Directors	Board of Directors of SAUDI ADVANCED INDUSTRIES COMPANY	Committee	Audit Committee formed by the Board of Directors of SAUDI ADVANCED INDUSTRIES COMPANY	Regulations	Audit Committee Charter of Saudi Advanced Industries Company approved by the General Assembly of Shareholders	Committee Member	Audit Committee member of Saudi Advanced Industries Company	Executive Member	Member who is dedicated to the executive management of the Company and participates in its daily operations	Non Executive Member	Member who is not dedicated to the Company's management, does not participate in its daily operations, and does not have any impediments to independence	Independent Member	Non-executive member who is fully independent in his position and decisions, and does not have any
Company	SAUDI ADVANCED INDUSTRIES COMPANY																		
General Assembly	General Assembly of Shareholders of SAUDI ADVANCED INDUSTRIES COMPANY																		
Board of Directors	Board of Directors of SAUDI ADVANCED INDUSTRIES COMPANY																		
Committee	Audit Committee formed by the Board of Directors of SAUDI ADVANCED INDUSTRIES COMPANY																		
Regulations	Audit Committee Charter of Saudi Advanced Industries Company approved by the General Assembly of Shareholders																		
Committee Member	Audit Committee member of Saudi Advanced Industries Company																		
Executive Member	Member who is dedicated to the executive management of the Company and participates in its daily operations																		
Non Executive Member	Member who is not dedicated to the Company's management, does not participate in its daily operations, and does not have any impediments to independence																		
Independent Member	Non-executive member who is fully independent in his position and decisions, and does not have any																		

		impediments to independence as stipulated in the regulations of the Capital Market Authority and relevant authorities
	Committee Secretary:	The person responsible for the Committee's paperwork, record keeping, and correspondence, administratively reporting to the Audit Committee Chairman
	Auditor(s)	The external auditor, appointed by the Company's General Assembly of Shareholders to audit its financial statements and final accounts
	Internal Auditor	The internal auditor, appointed by the Audit Committee, who examines and audits the different accounting, financial and operational activities of the Company's departments and reports to the Committee
	Executive Management or Senior Executives:	Those entrusted with managing the Company's daily operations, proposing and implementing strategic decisions, such as the CEO, deputies, and CFO
	Conflict of Interests	The existence of an actual or presumed direct or indirect interest for any member regarding an agenda item, which may influence the member's expressed opinion and professional viewpoint, or conflicts with or competes against the Company's interest
First: Selection Criteria	Removed	
Article (1)	Article (1) Purpose of the Policy:	

- The Audit Committee shall be formed by resolution of the Company's Ordinary General Assembly, based on the Board of Directors' nomination of non-executive Board members, whether shareholders or not, provided that at least one is an independent member, with no less than three and no more than five members for a term not exceeding the Board's term, of whom one is a financial/accounting specialist.
- The Board Chairman may not be a Committee member.
- No one who worked during the past two years in the Company's executive or financial management, or with its auditor, may be a Committee member.

This Charter aims to determine the Committee's work controls and procedures, scope of work and responsibilities, decision-making mechanism, and members' duties, to assist the Board of Directors of the "Company" in enhancing its performance and oversight regarding the integrity of financial reporting, effectiveness of internal control systems, independence and competence of internal audit, and compliance of the Company's activities and procedures with laws and regulations. The Committee shall submit an annual report to the Board on its work.

Article (2):

- A board member submits their nomination or nominates someone they deem suitable to the Nomination and Remuneration Committee, accompanied by a brief biography that highlights their academic qualifications, professional competence, practical experience, and participation in boards and committees.
- The Nomination and Remuneration Committee evaluates the candidates and presents its results to the Board of Directors.
- The Board of Directors reviews the results and proposes the formation of the committee for voting at the general assembly.
- If a position within the Audit Committee becomes vacant during the membership term, the Board appoints another member to fill the vacant position, and the new member completes the remaining term of their predecessor.

Article (2): Formation of the Committee and Selection of the Chairman:

- A) The Audit Committee is formed by a resolution of the Company's Board of Directors. The Committee's members consist of members from the Board of Directors or others, provided that none of the executive members of the Board of Directors are included. The Committee should comprise no fewer than three members and no more than five members, including a specialist in financial and accounting matters.
- B) Among the members of the Audit Committee, there must be at least one independent member.
- C) The Committee should select a Chair from among its members at its first meeting. The Committee may appoint a Vice Chair from among its members and may also appoint a Secretary of the Committee, who may be one of its members or an external appointee.

D) In the event of a vacancy on the Committee due to resignation or any other reason, the Board of Directors has the right to appoint a member to fill the vacant seat. The new member will complete the term of his predecessor.

Article (3):
The member of the Audit Committee should have a reasonable familiarity with financial and accounting principles, and it is preferred for them to have appropriate academic qualifications in this field.

Article (3): Criteria and Principles for Selecting Committee Members

- A. The member should enjoy legal and regulatory eligibility.
- B. The committee member or nominee should not be one of the executive members of the Board of Directors or the Chairman of the company.
- C. The member should be trustworthy and upright, and should not have been previously convicted of a crime related to honor and trust.
- D. The member should not be involved in any technical or administrative work for the company, even as a consultant.
- E. The member should have enough time for active participation in the committee's affairs and should be capable of making wise decisions consistent with professional values and ethics.
- F. The member should be impartial and objective.
- G. The member should have a reasonable understanding of the policies and nature of the committee's work, and a reasonable familiarity with financial and accounting rules. Preference is given to those with suitable academic qualifications in this field.
- H. The member should submit a nomination for committee membership, along with a curriculum vitae, qualifications, and experiences to the Nominations and Remuneration Committee. The Nominations and Remuneration Committee is responsible for comparing the candidates and submitting the results to the Board of Directors.
- I. The member should not be working or have worked in the past two years in the executive or financial management of the company, or for the company's auditors.

	J. The member should not hold membership in audit committees of more than five listed joint stock companies at the same time.
<p>Article (4): The committee shall select a chairman from among its members and appoints a secretary who prepares the minutes of its meetings and handles the administrative tasks of the committee.</p>	<p>Article (4): Termination of Committee Membership The membership of the Committee terminates upon the expiration of the Committee's term as per the formation decision, or upon the member's death, resignation, or loss of any of the membership criteria, or upon his dismissal by the Board for any reason necessitating such action, at a reasonable time that does not inflict harm upon the company.</p>
Second: General Terms and Conditions	Removed
<p>Article (5): A committee member shall not have a direct or indirect interest in the business and contracts conducted on behalf of the company. If such an interest exists, disclosure shall be made, and approval from the Board of Directors shall be obtained. The member shall not have the right to vote on the matter.</p>	<p>Article (5): Duties and Responsibilities of the Committee Chairman In addition to the general member duties and responsibilities stated in this Charter, the basic duties and responsibilities of the Committee Chairman shall include:</p> <ol style="list-style-type: none"> A. Presiding over and managing Committee meetings, with the deputy (if any) acting in case of absence. If both are absent, the Chairman must delegate a member sufficiently in advance to chair the meeting. If no delegation occurs, the attending members shall select a meeting chairman. B. Attending the General Assembly meeting to answer shareholder questions. If unable to attend, the Chairman must delegate a member sufficiently in advance to attend on his behalf. C. Overseeing Committee work and ensuring compliance with its Charter by concerned parties. D. Managing the relationship between Committee members and internal and external auditors. E. Ensuring soundness of Committee decisions and recommendations, based on knowledge and aiming to achieve Company objectives and strategic plans. F. Referring matters without a Committee decision and critical risk reports to the Board of Directors. G. Managing and following up on Committee work or delegating that.

- H. Following up on implementing Committee decisions and recommendations with relevant parties.
- I. Preparing for meetings, setting and approving the agenda, and ensuring supporting documents are available.
- J. Proposing an annual Committee meeting schedule before the start of the year for member input.
- K. Monitoring compliance with the Charter and verifying any update needs.
- L. Obtaining required signatures on meeting minutes and any decisions and maintaining in a special file.
- M. Providing the agenda of any meeting to members with supporting documents, and any updates to them.
- N. Providing members with draft minutes within (seven) days of the meeting, considering any suggestions or amendments to the minutes or decisions made in the meeting.
- O. Ensuring implementation of Committee resolutions and recommendations, preparing a list for monitoring resolutions including summaries, implementing parties, and latest updates to present at each meeting.
- P. The Chairman may delegate parts of his duties to Committee members as he deems appropriate.

Article (6):

A committee member shall adhere to the same obligations as a member of the Board of Directors in preserving the company's secrets. Committee members are prohibited from disclosing information to shareholders or third parties that they have become aware of in their capacity as committee members.

Article (6): Duties and Responsibilities of the Committee Member

- a) Regular attendance at committee meetings and active participation in its work. If a circumstance arises that requires a committee member's absence from one of its meetings, he/she should notify the committee chair using any available means.
- b) Proper and adequate preparation for the meeting, reviewing the topics listed on the meeting's agenda and up for discussion prior to the meeting, and reading all related documents.
- c) Maintaining the confidentiality of the committee's and the company's work.

The member should not disclose to others, outside of the general assembly, any information that is considered confidential due to his/her role.

- d) Reviewing draft minutes and records of committee meetings, understanding them well, and providing comments on them within a reasonable period from the date of receipt of the draft. The member should also seek clarification of any unclear decision or text in those minutes.
- e) The member should develop the skills necessary to perform the tasks assigned to him/her.
- f) Familiarizing oneself with the company's mission, objectives, and goals and understanding them well. The member should also be aware of its programs and executive plans and keep abreast of recent developments related to the company's business.
- g) The member should demonstrate integrity, honesty, truthfulness, and objectivity, and should disregard personal interests by not directing the company's policy to his/her personal interest, and should not knowingly disclose misleading information.
- h) The member should not accept anything of value from an employee, client, supplier, or anyone who has a business relationship with the company that might influence the decisions he/she makes in the committee.
- i) The member should commit to immediately disclose to the board any situations that may lead to a conflict of interest or when such conflict occurs, and commit to abstain from voting and participating in decision-making when there is a conflict of interest.

Article (7):

The committee is responsible for proposing the statutory auditor for the following financial year of the company, taking into consideration the guidelines for selecting the statutory auditor for joint-stock companies as per the decision of the Minister of Commerce No. 903, dated 12/8/1414H.

Article (7): Powers of the Committee

The Committee is endowed with complete and unrestricted access to all information, data, reports, records, and all undertakings of the company, its officials, employees, properties, legal consultants, auditors, internal auditors, and others whom the Committee deems necessary to access or those it delegates thereto. The Board of Directors is obligated to undertake all measures that ensure the Committee's ability to perform its tasks. The Committee also possesses the authority to conduct or delegate the conduct of investigations in matters falling within its purview. The Committee is empowered to perform the following actions:

- a) Right of access to the company's records and documents, and obtaining any information from the company's departments. All employees are obligated to cooperate with the Committee's requests or external parties.
- b) The Committee may request any clarification or statement from the Board of Directors or the executive management.
- c) The Committee may request the Board of Directors to convene the company's general assembly if the board impedes its work or if the company incurs significant damages or losses.
- d) The Committee may meet with the company's management, executive departments, external auditors or

	<p>internal auditors, or external consultants as necessitated by circumstances.</p> <p>e) The Committee may recommend contracting qualified advisors to provide services to the Committee, including assessing the internal auditing activity, whereby such assessment is conducted at least once every five years.</p> <p>f) The Committee may select the Committee's secretary and determine his/her remuneration, taking into account that he/she must possess the scientific qualifications and practical experience enabling him/her to perform the responsibilities assigned to him/her.</p> <p>a) The Committee may resolve any disputes between the company's management and the external auditors regarding the financial reports and the observations of the external auditors, and resolve any disputes between the company's departments and the internal auditors regarding the observations and recommendations by the internal auditors</p>
<p>Article (8) The committee is responsible for reviewing and examining the reports and observations provided by the statutory auditor. It assesses the adequacy and effectiveness of the company's internal control procedures and extracts any recommendations for improvement, which are then presented to the Board of Directors. The following are additional tasks of the committee:</p>	<p>Article (8): Tasks and Jurisdiction of the Committee The committee is responsible for overseeing the company's operations, verifying the accuracy and integrity of the reports and financial statements, internal control systems, and control procedures implemented in the company, as well as the processes of preparing reports and submitting them to the Board of</p>

A) Financial Reports:

1. Reviewing the interim and annual financial statements of the company before they are presented to the Board of Directors, expressing an opinion on them, and making recommendations to ensure their integrity, fairness, and transparency.
2. Providing technical advice, upon request of the Board of Directors, on whether the Board's report and the financial statements of the company are fair, balanced, understandable, and include the information that allows shareholders and investors to assess the company's financial position, performance, business model, and strategy.
3. Examining any significant or unusual issues included in the financial reports.
4. Thoroughly investigating any matters raised by the company's financial manager or the person responsible for their duties, as well as the compliance officer or the auditors.
5. Verifying the accounting estimates in the material matters presented in the financial reports.
6. Studying the accounting policies implemented by the company and providing opinions and recommendations to the Board of Directors regarding them.

B) Internal Audit:

1. Studying and reviewing the company's internal control systems, financial management, and risk management.

Directors. The committee's tasks specifically include the following:

First Item: Financial Reports

- A) Studying the initial and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation on them to ensure their integrity, fairness, and transparency.
- B) Providing a technical opinion, based on a request from the Board of Directors, on whether the company's Board of Directors' report and financial statements are fair and balanced and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model, and strategy.
- C) Studying any significant or unusual issues included in the financial reports.
- D) Thoroughly investigating any issues raised by the company's financial manager or his equivalent or the compliance officer in the company or the auditors.
- E) Verify the accounting estimates in the substantive issues included in the financial reports.
- F) Study the accounting policies followed in the company and express an opinion and a recommendation to the Board of Directors on them.

Second Item: Internal Audit

- A) Study and review the internal and financial control system and risk management in the company.
- B) Study internal audit reports and follow up the implementation of corrective

2. Reviewing internal audit reports and monitoring the implementation of corrective actions for the observations mentioned in those reports.
3. Supervising and overseeing the performance and activities of the internal auditor and the management of internal audit in the company, if applicable, to ensure the availability and effectiveness of necessary resources in carrying out their duties. If the company does not have an internal auditor, the committee shall make a recommendation to the Board regarding the need for appointment.
4. Recommending to the Board of Directors the appointment of the manager of the internal audit unit or department or the internal auditor and proposing their remuneration.

C) Independent Auditor:

1. Recommending to the Board of Directors the nomination, removal, determination of fees, and evaluation of auditors after verifying their independence, reviewing their scope of work, and contract terms.
2. Verifying the independence, objectivity, and fairness of the auditors and assessing the effectiveness of their work, taking into account relevant rules and standards.
3. Reviewing the company's audit plan and activities, ensuring that it does not provide technical or administrative

actions for the observations included therein.

- C) Monitor and supervise the performance and activities of the company's internal audit department to ensure the availability of necessary resources and their effectiveness in performing tasks and duties and verifying their effectiveness and competence in performing assigned tasks and duties and ensuring their independence.
- D) Approve the annual review plan, approve it, and follow up on its implementation.
- E) Review the internal audit management strategy, its plans, and activities.
- F) Review the extent to which the internal audit activity complies with the international standards for the practice of the internal auditing profession issued by the Institute of Internal Auditors and the relevant local standards.
- G) Study and address any restrictions on the work of the internal audit department that may affect its ability to perform its tasks and duties.
- H) Recommend to the Board of Directors the appointment of an internal audit manager or the appointment of an internal audit department and suggest their wages and any other benefits they enjoy according to company policies, and evaluate their performance annually, or task the CEO with determining their wages and benefits.
- I) Review and adopt the internal audit charter at least annually.

Third Item: Auditor

- A) Recommend to the Board of Directors the nomination of external auditors who are authorized to audit

services beyond the scope of auditing, and expressing opinions on this matter.

4. Responding to inquiries from the company's auditors.
5. Studying the auditor's report and their observations on the financial statements and monitoring actions taken in response to them.

D) Compliance Assurance:

1. Reviewing reports from regulatory authorities, providing an assessment of the company's management response, and verifying that appropriate measures have been taken accordingly.
2. Verifying the company's adherence to relevant regulations, policies, and instructions.
3. Reviewing contracts and transactions proposed by the company involving related parties, and presenting recommendations to the Board of Directors.
4. Escalating matters deemed necessary for action to the Board of Directors, along with recommendations for appropriate steps to be taken..

the accounts of public companies with high efficiency and effectiveness, their dismissal, and proposing their fees; evaluating their performance, after verifying their independence and reviewing their scope of work and the terms of contracting with them.

- B) Verify the independence, objectivity, fairness, and the effectiveness of the auditors' work, taking into consideration the relevant rules and standards.
- C) Review the auditors' plan and their work; ensure that they do not provide technical or administrative work that goes beyond the scope of audit work, and express its views on this.
- D) Follow up on the implementation of the audit plan and their work and verify their compliance with the relevant rules and standards.
- E) Study and address any restrictions on the work of external auditors that may affect their ability to perform their tasks and duties.
- F) Review the company management's responses to letters submitted by external auditors which highlight their observations on financial, administrative, and regulatory violations in relation to the company's accounts, and express its views to the Board of Directors.
- G) Ensure that there is cooperation between internal and external auditors without a conflict of work.
- H) Study the auditor's report and their observations on the financial statements, express its comments on

them, and follow up on their implementation.

I) Answer inquiries from auditors.

Fourth item: Compliance Assurance

A) Reviewing reports from regulatory authorities, providing an assessment of the company's management response, and verifying that appropriate measures have been taken accordingly.

B) Verifying the company's adherence to relevant regulations, policies, and instructions.

C) Reviewing contracts and transactions proposed by the company involving related parties, and presenting recommendations to the Board of Directors.

D) Assessing the process of informing and educating the company's employees about the code of work ethics, and reviewing the implementation and compliance monitoring procedures.

E) Escalating matters deemed necessary for action to the Board of Directors, along with recommendations for appropriate steps to be taken.

Fifth item: Risk Management

A) Reviewing the risk management strategy and ensuring its alignment with the company's strategic objectives, considering the nature and scale of its activities, and regularly updating it based on internal and external variables. Submitting it to the Board for approval.

B) Assessing the company's viability and ongoing success while identifying potential risks that may endanger its continuity over the next twelve months.

- C) Verifying the existence of an adequate risk management framework, policies, and procedures.
- D) Confirming the effectiveness of identifying and evaluating key risks, including:
- 1- Evaluating the company's risk control and management measures, including the accuracy and suitability of the methods used for risk assessment.
 - 2- Assessing risks based on their current and anticipated levels of exposure.
 - 3- Reviewing risk mitigation plans and effective corrective actions, including timelines.
 - 4- Evaluating risks associated with any new procedures or strategies introduced by the company.
 - 5- Ensuring appropriate monitoring of approved risk limits by the risk management team and executive management, and reporting any breaches in a timely manner.
 - 6- Assessing potential losses that may impact the company's operations due to risk exposure, considering the magnitude and frequency of potential events.
 - 7- Determining risk acceptance and tolerance levels, monitoring risks faced by the company, conducting ongoing risk assessments, and developing crisis management plans and strategies.
 - 8- Evaluating weaknesses in various company activities and operations that may pose risks and developing corrective action procedures.
 - 9- Overseeing the risk management system, evaluating the effectiveness of risk identification, measurement, and

monitoring mechanisms, and identifying areas for improvement.

- 10- Providing recommendations to the Board of Directors on risk management issues and proposed risk mitigation measures.
- 11- Submitting an annual report detailing information on risks faced by the company and the policy for managing, monitoring, and addressing these risks.
- 12- Verifying the independence of the risk management staff from activities that may expose the company to risks.
- 13- Periodically reassessing the company's risk-bearing capacity and exposure.
- 14- Ensuring the availability of adequate risk management infrastructure, resources, and systems to maintain the desired level of operational management.

Sixth Item: Adequacy of the Internal Control System

The committee is required to prepare a report that includes details of its performance, responsibilities, and tasks. This report should encompass its recommendations and opinions regarding the adequacy of the company's internal control, financial systems, and risk management. The committee shall request the Board of Directors to deposit sufficient copies of this report at the company's headquarters and publish it on the company's website when announcing the invitation to the annual general assembly. A summary of the report shall be read during the assembly. Furthermore, the committee is entitled to seek the assistance of an independent external consultant to assess

	the internal control system and provide an opinion on its adequacy in this regard.
<p>Article (9): No amendment, deletion, or addition shall be made to any article of these regulations without the approval of the Board of Directors.</p>	<p>Article (9): Conflicts of Interest</p> <ul style="list-style-type: none"> a) If a member has a conflict of interest regarding an agenda item, he must disclose this before discussing the matter, recorded in the minutes, and may not participate in discussing or voting on it. b) If a member is unsure whether he has a conflict of interest, he may seek the Chairman's opinion and advice. c) Any member conflicts of interest shall be presented and discussed in a Committee meeting, and a summary presented to the Board of Directors after completing procedures for appropriate action. d) A Committee member may not have any direct or indirect interest in contracts executed for the Company's account. Any such instance must be disclosed and Board approval obtained, without voting right. e) Disclosure of any family relationship between external auditors, internal auditors, Committee members, or working group members if existing.
<p>Third: Activities and Responsibilities of the Audit Committee:</p>	<p>Removed</p>
<p>Article Ten: The committee shall convene upon the invitation of its chairman, and a committee meeting shall not be deemed valid unless attended by at least two members. No committee member shall delegate another to attend committee meetings on their behalf, and committee decisions shall be issued unanimously.</p>	<p>Article (10): Confidentiality of Committee Matters Committee members must maintain the confidentiality of the information they obtain through their committee membership and use it solely for the purpose of fulfilling their membership duties. They should not disclose, declare, or divulge any such information to any other party, nor exploit or utilize it in any form or for any purpose whatsoever. Members</p>

must refrain from engaging with the media regarding such information or speaking on behalf of the company. This commitment also extends to maintaining the confidentiality of such information after the termination of their committee membership. Independent committee members are required to sign the "Declaration and Commitment Form for Independent Members," prepared by the company for this purpose.

Article (11):

The Audit Committee must hold its meetings at least four times per year, and it may convene more frequently whenever such meetings are deemed necessary. A committee member shall be considered absent if they fail, without acceptable excuse, to attend committee meetings for more than two sessions per year.

Article (11): Committee Meetings and Minutes

- A. The committee shall meet regularly, with a minimum of four meetings during the company's fiscal year. Additional meetings may be held as necessary, upon the request of the committee chair or any of its members, with a statement of the reasons for the meeting invitation and the approval of the majority of the members. Meetings may also be convened at the request of the Board of Directors, internal auditor, or the auditors. For the meetings to be valid, at least two members must be present, and a committee member may not delegate another member to attend the meetings on their behalf.
- B. The committee shall meet regularly with the external auditors and the company's internal auditor.
- C. The internal auditor and the auditors may request a meeting with the committee whenever necessary.
- D. Decisions of the committee shall be made by a majority vote of the members present,

and in case of a tie, the opinion supported by the chair of the meeting shall prevail.

- E. Any committee member may object to any decision made by the committee, provided they state the reasons for their objection, which shall be recorded in the committee meeting minutes. The absence of a member does not exempt them from the responsibility for the decisions made during the meeting unless they have expressed objections to them.
- F. A committee member shall be considered resigned if they fail, without acceptable excuse, to attend more than two meetings in a year.
- G. The committee may hold its meetings using technological means, such as video or audio communication, and attendance through such means shall be considered valid.
- H. With the approval of the majority of the members, any meeting may be postponed or canceled as deemed appropriate by the committee.
- I. The committee has the right to invite any member of the company's Board of Directors, executive management, auditors, or others to attend its meetings and provide relevant information as needed.
- J. The committee may seek the assistance of experts and specialists from within or outside the company within the limits of its authority, provided that this is documented in the committee's meeting minutes, including the name of the expert, their

relationship with the company, and the executive management.

- K. The agenda of the meeting shall be adhered to, taking into consideration any topics proposed for addition by the members in a previous meeting. Any member has the right to add new items to the agenda, either before the meeting or when approving the meeting agenda, and the item shall be included in the meeting agenda for discussion.
- L. In the event of any inquiries or requests for clarification from any member regarding any items on the agenda or its documents prior to the meeting, they shall be responded to in a timely manner by the committee chair or the person authorized by them.
- 1) M. A committee member or the committee secretary may not leave the meeting or be absent for any period of time without permission from the committee chair.

Article (12):

The remuneration for members of the Audit Committee in the company shall be as follows:

- An annual bonus of SAR 150,000 (One Hundred and Fifty Thousand Saudi Riyals) per member, to be disbursed at the end of the fiscal year.
- An attendance allowance of SAR 2,000 (Two Thousand Saudi Riyals) per member for each committee meeting attended.

Article (12): Duties and Responsibilities of the Committee Secretary

- A) The committee secretary is responsible for convening the committee meetings upon the request of the committee chair. Meeting notifications shall be sent to all committee members and any other individuals deemed necessary to attend the meeting. The notification shall include the meeting location, date, start time, agenda, and attachments related to the meeting agenda items. Sufficient notice shall be provided before the scheduled meeting. The committee

- First-class accommodation and round-trip tickets for committee members residing outside Riyadh.
- First-class accommodation and tickets for all members in case the meeting is held outside Riyadh.
- An attendance allowance of SAR 1,000 (One Thousand Saudi Riyals) for the committee secretary for each session. The committee has the right to review the secretary's allowances periodically as it deems appropriate.
- Members who conclude their membership in the Audit Committee for any reason before the designated term of the committee expires shall receive their entitled annual bonus and attendance allowance for the previous period until the conclusion of their membership.
- The details of the committee members' remuneration shall be disclosed within the contents of the annual report of the board of directors.

secretary shall perform the following tasks:

- 1) Coordinate committee meetings and prepare the proposed agenda in coordination with the committee chair.
 - 2) Approve the meeting minutes after obtaining the committee chair's approval.
 - 3) Arrange and coordinate the invitation of relevant parties to the committee meetings as requested.
 - 4) Notify committee members of the meeting dates, provide them with the meeting agenda and necessary documents for reviewing the agenda items.
 - 5) Attend and document committee meetings, prepare the minutes, and keep them in a dedicated record.
 - 6) Disseminate the committee's decisions to the concerned parties.
 - 7) Provide assistance and advice to the committee regarding its areas of responsibility.
- B) Committee meetings and decisions shall be documented in minutes that are signed by all attending members. Any technological means may be used for signing and recording the discussions, minutes, and decisions of the committee. All attending and non-attending members shall be provided with a draft of the meeting minutes within a specified period. If any comments or amendments are to be made to the draft, the members shall

provide them to the committee chair and the committee secretary within a period not exceeding seven days from the date of sending the minutes. Otherwise, the draft shall be deemed final and the signing process shall be completed unless there are exceptional circumstances subject to the committee chair's discretion. The minutes shall include the following:

- 1- Meeting location, date, and start time.
 - 2- Discussions and deliberations, including the outcomes of decisions and recommendations.
 - 3- Identification of the responsible party for implementing the decisions.
 - 4- Names of attendees from within and outside the committee.
- C) Members shall be provided with available means of communication, such as email or others, containing the agenda, proposed topics for discussion, and required decisions accompanied by supporting documents, at least one week before scheduled meetings. Regarding emergency meetings, members shall be provided with a reasonable and sufficient period of time before the meeting to allow for the study of agenda items and related documents for each item.
- D) In case of any updates or changes to the meeting agenda, documents, or timing, members shall be informed of the changes in a timely manner.

	E) The estimated time for the meeting and the estimated time allocated for each agenda item shall be specified in the agenda.
Fourthly: Selection of the Legal Accountant	Removed
<p>Article (13): The Audit Committee shall nominate five licensed professional accountants who are proficient and effective in auditing the company's accounts. The committee shall determine the scope of the audit, which shall include the following:</p> <p>A) Evaluating the internal control system, including the accounting system, from both theoretical and practical perspectives.</p> <p>B) Conducting tests on a selected sample of the company's financial transactions.</p> <p>C) Contacting the company's debtors, creditors, or others for the purpose of confirming balances or other matters.</p> <p>D) Monitoring inventory processes, including those carried out in branches and projects of the company.</p> <p>E) Complying with the approved audit standards in the Kingdom to ascertain that the financial statements, as a whole:</p> <ul style="list-style-type: none"> - Present a true and fair view of the company's financial position at a specific date and its results of operations for the fiscal year ended on that date, in light of the presentation and disclosure of information contained in the financial statements, in accordance with generally accepted 	<p>Article (13): Conflict between the Audit Committee and the Board of Directors</p> <p>If a conflict arises between the recommendations of the audit committee and the decisions of the board of directors, and if the board rejects the committee's recommendation regarding the appointment, removal, determination of fees, and evaluation of the performance of the company's auditor, the board's report must include the committee's recommendation and its justifications, as well as the reasons for not accepting them.</p>

accounting principles appropriate to the circumstances of the company.

- Conform to the requirements of the Companies Law and the company's articles of incorporation regarding the preparation and presentation of financial statements.
- F) Communicating in writing any observations or comments made by the auditor during the audit to the company's officials.
- G) Any other necessary matters as determined by the committee.

Article (14):

The company's management shall extend an invitation to the nominated statutory auditors by the Audit Committee. This invitation must include the scope of the task referred to in Article Thirteen, in addition to the conditions and other obligations deemed necessary by the company for the completion of the auditing process. These auditors shall be provided access to the data and clarifications they request in order to understand the scope and nature of the company's operations. Each statutory auditor is required to submit a proposal for auditing the company's accounts, along with an overview of their office, specifically including the following:

- a. The academic and professional qualifications of the team members who will be involved in the audit, including their names and nationalities.
- b. Explanations regarding the quality control of work in their office.

Article (14): Mechanism for Reporting Observations or Irregularities within the Company

The audit committee shall establish a mechanism that enables employees within the company to report their observations regarding any irregularities in financial reports or other matters, ensuring confidentiality. It is the committee's responsibility to verify the implementation of this mechanism by conducting an independent investigation commensurate with the magnitude of the harm or irregularity, and to adopt appropriate follow-up procedures.

<p>c. The entities they intend to engage for the purposes of auditing the company's accounts (if applicable), the aspects in which they will participate, the qualifications and experiences of the individuals who will be involved in this matter.</p> <p>d. The office's previous experience in auditing similar companies.</p> <p>e. The size and details of branches affiliated with the office and the number of technical staff employed in the office.</p> <p>f. The allocated hours for each member of the audit team (partner/audit manager, etc.).</p> <p>g. Any familial relationships between the statutory auditor or the audit team and the members of the Board of Directors (if applicable), as well as the working relationship between the statutory auditor and the company or any member of its Board of Directors (if applicable).</p> <p>b) Audit fees.</p>	
<p>Article (15) The company's management shall prepare a comparative schedule of the proposals submitted by the statutory auditors, based on the information mentioned in Article Thirteen, and submit it to the Audit Committee along with the proposals and data provided by the statutory auditors.</p>	<p>Article Fifteen: Application and Interpretation of the Regulations The provisions of these Regulations shall be applied and interpreted in a manner that is not contradictory to the company's articles of incorporation or any other regulations approved by the board of directors, and in accordance with the Saudi Companies Law, the regulations of the Capital Market Authority, and their respective executive regulations.</p>
<p>Article (16) The Audit Committee shall examine the comparative schedule of the proposals and the</p>	<p>Article (16): Committee Compensation and Committee Secretary</p>

<p>accompanying data. It may invite the audit team from each office separately to a meeting where the proposal presented by them is discussed in light of the information referred to in Article Thirteen.</p>	<p>A) The committee members and the committee secretary shall be entitled to an annual compensation and meeting attendance allowance in accordance with the remuneration policy approved by the General Assembly or as recommended by the board of directors.</p> <p>B) Members who have concluded their membership in the audit committee for any reason before the expiration of the designated term of the audit committee shall receive their entitled annual compensation and meeting attendance allowance for the previous period until the conclusion of their membership.</p> <p>C) The compensation of committee members shall be disclosed within the contents of the annual report of the board of directors.</p>
<p>Article (17): The committee shall prepare a memorandum to be presented to the Board of Directors, outlining its summary analysis of the submitted proposals and recommending a statutory auditor for the company's accounts, along with the basis upon which the nomination was made</p>	<p>Article Seventeen: Effectiveness of the Regulations</p> <p>A) These Regulations shall be subject to review as part of the review of the effectiveness of the committee's corporate governance.</p> <p>B) No amendment, deletion, or addition to any article, clause, or paragraph of these Regulations shall be made without obtaining the necessary approvals from the authorized entities.</p> <p>C) These Regulations shall be adopted by the General Assembly and shall become effective as of the date determined by the General Assembly. Any previously applicable Regulations shall be repealed.</p>
<p>Article (18): The Board of Directors recommends to the Ordinary General Assembly the appointment</p>	<p>Removed</p>

of the nominated statutory auditor by the Audit Committee.	
Article (19): The tenure of the Audit Committee shall not exceed three consecutive years. Note: - This regulation was approved by the Extraordinary General Assembly of the Saudi Advanced Industries Company on 29/04/2019.	Removed

SAUDI ADVANCED INDUSTRIES COMPANY

Work Regulation of the Auditing Committee

Definitions

The Company	Saudi Advanced Industries Company
The General Assembly:	The general assembly of the shareholders of Saudi Advanced Industries Company.
Board of Directors:	The board of directors of Saudi Advanced Industries Company
The Committee:	The auditing committee formed by the board of directors of Saudi Advanced Industries Company
The Regulation:	Work regulation of the auditing committee at the Saudi Advanced Industries Company from the general assembly of shareholders.
Member of the Committee	Member of the auditing company at Saudi Advanced Industries Company
The Executive Member:	A full time member at the executive management of the company who participates in the daily activities of the company.
Non Executive Member:	A member who is not fully dedicated for company management, and who does not engage in its daily work, and for whom non of the characteristics of independence are applied.
The Independent Member:	A non executive member who enjoys full independence in his center and decisions for whom none of the characteristics of independence stipulated in the regulations issued by CMA and related authorities is applicable.
The Committee Secretary:	He is the person in charge of the clerical works of the committee, and for keeping its registers and preparing its correspondences, and he reports to the chairman of the auditing committee.
Accounts Auditor/s	The external auditor appointed by the general assembly of the company shareholders to audit its financial statements and final accounts.
The Internal Auditor:	The internal auditor appointed by the auditing committee who checks and audits different works in the accounting, financial and operative fields of company departments and submit committee reports.
Executive Management or Senior Executives:	Persons assigned to manage the company daily operations, and propose and implement strategic decisions such as CEO and his duties and the Finance Director (CFO).
Conflict of Interests:	Arising of a real or virtual direct or indirect interest for any member in a subject included in the committee agenda when such interest have effect in expressing by the concerned member of his opinion that indicates his professional viewpoints/ or may conflict with the company interest or competition.

Article No (1): Purpose

This regulation aims to define the committee's work controls and procedures, the scope of its work and responsibilities, its decision-making mechanism, and the tasks and duties of its members, in a way that helps the company's board of directors "to enhance its performance and the control process with regard to the integrity of financial reports, the effectiveness of the internal control system, the independence and efficiency of internal auditing, and compliance and compliance." The activities and procedures of the company's work with the laws and regulations, and that the committee submits a report on its work to the Board at the end of each year.

Article No (2): Formation of the Committee and Selection of the Chairman

A- The Audit Committee shall be formed by a decision of the Board of Directors of the company. The members of the Committee shall consist of members of the Board of Directors or others, provided that it does not include any of the executive members of the Board of Directors, and that the number of its members is not less than three and not more than five members, and that this number includes one person specialized in financial and accounting affairs. .

b- There must be at least one independent members among the audit committee members.

c - The committee shall choose from among its members a chairman for the committee at its first meeting, and the committee may appoint from among its members a vice-chairman, and it may appoint from among its members or from others a secretary for the committee.

d- In the event of a vacancy in the membership of the Committee due to resignation or any other reason, the Board of Directors shall have the right to appoint a member in the vacant position, and the new member shall complete the term of his predecessor.

Article No (3): Standards and Basics of Selecting the Committee Members

a- The member shall have the legal capacity.

b- The member of the committee or the candidate for its membership should not be an executive member of the board of directors or a chairman of the company's board of directors.

- c - To be honest and upright and have never been convicted of a crime related to honor and honesty.
- d- He should not be one of the individuals practicing technical or administrative work in the company, even as a consultant.
- e- To have enough time to actively participate in the work of the committee and to have the ability to make wise decisions that are in line with the values and ethics of the profession.
- f- To enjoy impartiality and objectivity.
- g- He should have a reasonable understanding of the policies and the nature of the committee's work, and a reasonable knowledge of the financial and accounting rules. A person with an appropriate scientific qualification in this field is preferable.
- h- To submit a notification of candidacy for membership of the committee and to submit his CV, qualifications and experience to the Nominations and Remunerations Committee, and the Nominations and Remunerations Committee performs the comparison between the candidates and submits its results to the Board of Directors.
- i- He should not be working, or was working during the past two years, in the executive or financial management of the company, or with the company's auditor.
- j- He should not be a member of audit committees in more than five joint-stock companies listed in the market at the same time.

Article No (4): Expiry of the Committee Membership

- Committee membership ends with the expiry of the committee term due to the decision to form it, or the death or resignation of the member, or when he loses any of the criteria for membership in the committee, or when he is dismissed from the board for any of the reasons calling for that and in a reasonable time in a way that does not cause harm to the company.

Article No (5): Duties and Responsibilities of the Committee Chairman

Without prejudice of the member's duties and responsibilities as general as stated herein, the main functions and responsibilities of the committee chairman include but are not limited to the following:

- a- Chairing and managing the meetings of the committee, and in the event of his absence, his deputy (if any) replaces him. In case of absence of the committee chairman and his

deputy (if any), he must authorize, with sufficient time, one of its members to chair the meeting. In the event that he does not authorize one of the members, the committee must choose from among its members present the chairman of the meeting.

b- Attend the General Assembly meeting to answer the questions of the shareholders, and in the event that he is unable to attend the meeting, he must authorize a member of the Committee to attend on his behalf a good time before the meeting of the Assembly.

c- Supervising the work of the committee and ensuring compliance with its regulations by the concerned authorities.

d- Managing the relationship between committee members and internal and external auditors.

e- Ensuring the integrity of the decisions and recommendations taken by the committee, and that they are based on knowledge and are in the interest of achieving the company's goals and strategic plans.

f- Submitting to the Board of Directors issues about which the Committee did not reach a decision and reports of critical risks.

g- Managing and following up the work of the committee, or whomever he delegates.

h- Follow up on the implementation of the committee's decisions and recommendations and the relevant authorities.

i- Preparing for meetings, preparing and approving the agenda, and ensuring the availability of supporting documents.

j- Proposing the Committee's meeting schedule for each year before its start and sharing it with the members.

k- Follow up on compliance with the regulations and verify the need for updating them.

l- Ensuring obtaining the necessary signatures on the minutes of meetings and any decisions and keeping them in a special file.

m- Provide committee members with the agenda of any meeting with supporting documents and ensure that members receive any updates thereon.

n- Providing the members with draft minutes of the meetings within a period not exceeding (seven) days from the date of the meeting, and taking into account any proposals or amendments to the minutes or any decisions issued at the meeting.

o- Ensuring the implementation of the decisions and recommendations approved by the committee, and preparing a list to follow up on the decisions, including a summary of the

decisions and their implementing bodies, and the latest developments thereon, provided that it is presented to the committee at each meeting.

p- The committee chairman may delegate part of his duties to whomever he deems appropriate of the committee members.

Article No (6): The Committee Member Duties and Responsibilities

a- Regularly attending the committee meetings and effectively participating in its activities, and in case that any circumstances lead the committee member to be absence from one of its meetings, he shall notify the committee chairman through any available means of notification.

b- Good and suitable preparation of the meeting and seeing before the meeting the subjects involved in the agenda of each meeting which are presented for discussion, and reading all relevant documents.

c- Keeping secrets of the work of the committee and the company and not to disclose to others outside the general assembly any confidential information which he has happened to know during course of conducting his work.

d- View the draft facts and minutes of the committee meetings and understand them well, express his observations on them within a reasonable period from the date of his receipt of the draft, and request clarification of any unclear decision or text in those minutes.

e- The member should develop the necessary skills to carry out the work entrusted to him.

f- Being aware of the company's mission, goals and objectives, and understanding them well, being aware of its programs and implementation plans, and keeping abreast of recent developments related to the company's business.

g- To be honest, and objective, and to be free of personal interests by not directing the company's policy to his personal interest, and not to knowingly disclose misleading information.

h- Not to accept anything of significant value from an employee, customer, supplier, or anyone who has a business relationship with the company that may influence his decisions in the committee.

i - Obligation to immediately disclose to the Board any cases that may lead to a conflict of interest or when such a conflict occurs, and a commitment to abstain from voting and participating in decision-making when there is a conflict of interest.

Article No (7): Authorities of the Committee

The committee has the right for complete and unrestricted access to all information, data, reports and registers, and to all works of the company and all of its officials, employees, properties, legal advisors, auditors and others whom the committee deems proper to have access to by it or by persons authorized by it. The board of directors shall facilitate for the committee performing their functions. The committee is also authorized to conduct or authorize conducting of investigations in the issues falling within scope of their responsibilities, and the authority committee has the right to act as follows:

a- Obtaining any information from the company's departments, as all employees must cooperate with the requests of the committee or external parties.

b- To request any clarification or statement from the members of the Board of Directors or the executive management.

c- To request the Board of Directors to convene the General Assembly of the company if the Board of Directors obstructs its work or if the company suffers serious damage or losses.

d- Meeting with the company's management, executive departments, external auditor, internal auditors, or external consultants as necessary.

e- Recommending contracts with qualified consultants to provide services to the committee, including evaluating the internal audit activity, so that the evaluation is conducted at least once every five years.

f- Choosing the secretary of the committee and determining his remuneration, taking into account when choosing him that he has the educational qualification and practical experience that enables him to carry out the responsibilities entrusted to him.

g- Resolving any disputes between the company's management and the external auditor with regard to the financial reports and the observations of the external auditor, and resolving any disputes between the company's departments and the internal auditors with regard to the observations and recommendations of the internal auditors.

Article No (8): Committee Functions and Competencies

The committee is concerned with control of the company works and verifying integrity and soundness of the reports, financial statements, internal control procedures, and the control procedures applicable in the company as well as the operations of preparing the reports and submitting them to the board of directors, and the committee functions include the following in particular:

The first item: financial reports

a- Studying the preliminary and annual financial statements before submitting them to the Board of Directors and expressing an opinion and recommendation regarding them to ensure their integrity, fairness and transparency.

b- Expressing a technical opinion, upon the request of the Board of Directors, as to whether the report of the Board of Directors and the company's financial statements are fair and balanced and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model, and strategy.

c- Studying any important or unusual issues included in the financial reports.

d- Examine carefully any issues raised by the financial manager of the company or whoever assumes his duties or the compliance officer in the company or the auditor.

e- Checking accounting estimates regarding the fundamental issues mentioned in the financial reports.

f- Studying the accounting policies followed in the company and expressing an opinion and recommendation to the Board of Directors in this regard.

The Second Item: Internal Audit

a- Studying and reviewing the company's internal and financial control and risk management system.

b- Studying the internal audit reports and following up the implementation of corrective measures for the observations contained therein.

c- Control and supervise the performance and activities of the internal audit department in the company to verify the availability of the necessary resources and their effectiveness in

performing the tasks and tasks entrusted to them, and verify the extent of their effectiveness and efficiency in carrying out the tasks and tasks assigned to them, and ensure their independence.

d- Adopting and approving the annual audit plan and following up on its implementation.

e- Reviewing the strategy, plans and activities of the Internal Audit Department.

f- Reviewing the extent to which the internal audit activity adheres to the international standards for the practice of the internal audit profession issued by the International Institute of Internal Auditors and the relevant local standards.

g- Studying and addressing any restrictions on the work of the Internal Audit Department that may affect its ability to perform its work and tasks.

h- Recommend to the Board of Directors the appointment of a manager of the internal audit department or the appointment of an internal audit department, proposing their wages and any other benefits they enjoy in accordance with the company's policies, and evaluating their performance on an annual basis, or assigning the CEO to determine their wages and benefits.

i- Reviewing and approving the internal audit charter, at least annually.

The third item: the auditor

a- Recommending to the Board of Directors the nomination of external auditors authorized to audit the accounts of joint-stock companies with high efficiency and effectiveness, isolating them, proposing their fees, and evaluating their performance, after verifying their independence and reviewing their scope of work and the terms of contracting with them.

b- Verify the auditor's independence, objectivity, fairness and effectiveness of the audit work, taking into account the relevant rules and standards.

c- Reviewing the auditor's plan and his work, verifying that he has not submitted technical or administrative works that are outside the scope of the audit work, and expressing its views on that.

d- Follow up on the implementation of the audit plan and work, and verify its compliance with the relevant rules and standards.

e- Studying and addressing any restrictions on the work of the external auditor that may affect his ability to perform his work and tasks.

f- Reviewing the company's management's responses to the letters submitted by the external auditor, in which he clarifies his observations on the financial, administrative and control violations regarding the company's accounts, and presents its views to the board of directors.

g - Ensure the existence of cooperation between the internal and external auditors without the existence of conflicts of work.

h- Studying the auditor's report and his observations on the financial statements, making observations thereon and following up on their implementation.

i- Answering the auditor's inquiries.

Fourth item: guarantee commitment

a- Reviewing the results of the oversight authorities' reports, expressing an opinion on the response of the company's management, and verifying that the company has taken the necessary measures in this regard.

b- Verifying the company's compliance with relevant laws, regulations, policies and instructions.

c- Reviewing the contracts and dealings proposed to be conducted by the company with related parties, and submitting its views in this regard to the Board of Directors.

d- Reviewing the process of informing and informing the company's employees of the guide to the rules of work ethics, and reviewing the process of following up on compliance with these rules.

e- Submitting to the Board of Directors what it deems necessary to take action on, and making its recommendations regarding the actions to be taken.

Fifth item: risk management

a- Reviewing the risk management strategy and ensuring its compatibility with the strategic objectives of the company in proportion to the nature and size of the company's activities, verifying its implementation, reviewing and updating it based on the internal and external changes of the company, and submitting it to the Board for approval.

b- Verify the feasibility of the company's continuity and successful continuation of its activity, while identifying the risks that threaten its continuity during the next twelve months.

- c- Verifying the availability of an appropriate framework, policies and procedures for risk management.
- d- Verifying the effectiveness of identifying and evaluating key risk management, including:
- The procedures undertaken by the company to control and manage risks, including the accuracy and appropriateness of the risk measurement methods used during the process of identifying and evaluating risks.
 - Measurement of risks according to their current and expected different levels that the company is exposed to or might be exposed to.
 - Measured risk management plans and effective corrective actions, including the time plan.
 - Assess risks related to any new procedures or strategies that are introduced in the company.
- e- Ensure that the approved risk limits are monitored appropriately by the risk management team and executive management, and that violations of these limits are reported in a timely manner.
- f- Evaluating potential losses that may affect operations within the company as a result of exposure to risks in terms of the size and frequency of events.
- g- Determining levels of risk acceptance and tolerance, monitoring the risks that the company may be exposed to and the extent to which it faces those risks, conducting continuous risk assessments, and developing plans and strategies to deal with crises and emergencies.
- h- Evaluating weaknesses in the company's various activities and operations that may result in risks and setting corrective action procedures for them.
- i- Overseeing the risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the company may be exposed to and identifying their deficiencies.
- j- Submitting recommendations to the Board of Directors on issues related to risk management and any suggested steps to manage these risks.
- k- Submitting a report at the end of each year on information related to any risks faced by the company and the policy for managing, monitoring and addressing these risks.
- l- Verifying the independence of risk management staff from activities that may expose the company to risks.

- m- Periodically reassess the company's ability to bear risks and its exposure to them.
- n- Ensure the existence of adequate risk management infrastructure, resources and systems to maintain the expected level of management operations.

Sixth item: the adequacy of the internal control system

- The committee must prepare a report that includes details of its performance of its competencies and tasks, and that includes its recommendations and opinion regarding the adequacy of the internal and financial control systems and risk management in the company, and it must request the board of directors to deposit sufficient copies of this report in the company's main office and to publish it on the company's website. When an invitation to convene the Annual General Assembly is published, a summary of the report is recited during the meeting. In this regard, the Committee has the right to seek the assistance of an independent external consultant to evaluate the internal control system and express an opinion on its adequacy.

Article No (9): Conflict of Interests

- a- If a member has any conflict of interest in a subject on the agenda, he must disclose that before discussing the subject, provided that this is recorded in the minutes of the meeting, and in this case he may not participate or vote on it.
- b- If a member doubts whether he is in a state of conflict of interests, he may request the opinion and advice of the committee chairman.
- c - Any cases of conflict of interest for any member that are presented and discussed in the committee meeting, a summary of them must be presented after completing the regular procedures to the Board of Directors to take what it deems appropriate.
- d - A member of the committee may not have a direct or indirect interest in the business and contracts that are made for the account of the company.
- e- Disclosure of any kinship relationship between the external or internal auditors, committee members or work team, if any.

Article No (10): Confidentiality of the Committee's work

Committee members must maintain the confidentiality of the information they obtain through their membership in the Committee, and use it for the purpose of performing their membership duties only, and not announce or disclose any of that information to any

other party, or disclose or exploit it in any way or use it for any purpose. The commitment also includes maintaining the confidentiality of that information after the termination of membership in the committee, and the independent members of the committee must sign the “Representations and Obligations of the Independent Member” form prepared by the company for this purpose.

Article Eleven: Committee meetings and minutes

A- The committee meets regularly, provided that its meetings are not less than four meetings during the fiscal year of the company, and it may hold additional meetings whenever necessary, based on the request of the committee chairman or one of its members, stating the reasons for calling the meeting and the approval of the majority of the members, or at the request of the board of directors. Or the internal auditor or the auditor, and the validity of its meetings requires the presence of at least two members, and a member of the committee may not delegate someone else to attend the meetings of the committee.

b- The committee meets regularly with the auditors and the internal auditor of the company.

c - The internal auditor and the auditor may request a meeting with the committee whenever the need arises.

d - The decisions of the committee shall be issued by the majority of the votes of those present, and when the votes are equal, the opinion voted for by the chairman of the meeting shall prevail.

e- Any member of the committee may reserve any decision taken by the committee, provided that he states the reasons for that reservation and writes it down in the minutes of the committee meeting. No member is exempted from his responsibility for the decisions taken at the meeting in the event of his absence from attendance, unless he expresses a reservation thereon.

f- A committee member is considered to have resigned if he fails, without an acceptable excuse, to attend committee meetings for more than two sessions per year.

g - The committee may hold its meetings using technical means through visual or audio communication, and attendance is considered authentic.

h - With the approval of the majority of the members, it is permissible to postpone or cancel any meeting, as the committee deems appropriate.

i - The committee has the right to invite any of the company's board members, executive management, auditor, or others to attend its meetings and provide relevant information as needed.

j - The committee may seek the assistance of experts and specialists from within or outside the company within the limits of its powers, provided that this is included in the minutes of the committee meeting with the name of the expert and his relationship with the company and the executive management mentioned.

k- The agenda of the meeting shall be adhered to, taking into consideration any topics proposed to be added by the members in a previous meeting, and any member shall have the right to add a new item or items either before the meeting or when the meeting schedule is approved, and the item shall be included in the meeting items for discussion.

l - In the event of any inquiry or request for clarification from any member about any of the agenda items or documents prior to the date of the meeting, it shall be answered in a timely manner by the Chairman of the Committee or his authorized representative.

m- It is not permissible for a committee member or the committee secretary to leave the meeting or leave for some time without the permission of the committee chairman.

Article No (12): Functions and Responsibilities of the Committee Secretary

a- The Secretary of the Committee shall call for its meetings at the request of the Chairman of the Committee. Notices of meetings shall be sent to each member of the Committee and any other person whose attendance the Committee deems necessary. Sufficient time from the date of its convening, and the Secretary of the Committee shall do the following:

- Coordinating the committee's meetings, and developing a proposal for its agenda, in coordination with the committee's chairman.
- Approval of the minutes of meetings by the members of the Committee after the approval of the Chairman of the Committee.
- Arranging and coordinating with the parties that the committee requests to invite to its meetings.

- Informing the members of the dates of the meetings and providing them with the agenda and documents necessary to study the items of the meeting.
- Attending and documenting committee meetings, preparing minutes and keeping them in a special register.
- Circulating the committee's decisions to the concerned parties.
- Provide assistance and advice to the committee, in matters that fall within its terms of reference.

b- The committee's meetings and decisions are documented in minutes signed by all attending members, and any technical means may be used to sign and record the committee's deliberations, minutes and decisions, provided that all members present and not present for the meeting are provided with a draft minutes of the meeting within the specified period, and if any notes or amendments are found On the draft, the members must provide it to the committee chairman and the committee secretary within a period not exceeding (seven) days from the date of sending the minutes, otherwise the draft will be considered final and its signature will be completed unless there is an impediment to that, which is subject to the committee chairman's estimation. The minutes must include the following:

- The meeting place, date and start time.
- Deliberations and discussions with a statement of the results of decisions and recommendations.
- Determine the party responsible for the implementation of decisions.
- Names of attendees from and outside the committee.

c - The members are provided with the available means, whether by e-mail or otherwise, with the agenda, the topics proposed for discussion, and the decisions to be taken, supported by supporting documents, before the meeting date, with a period not less than a week for the scheduled meetings, and with regard to emergency meetings, the members are provided with a reasonable and sufficient period before the meeting so that the member can From studying the items and documents presented for each item.

d - In the event of any update or change, whether about the agenda, documents or time of the meeting, the members will be provided with the change in its time.

e- The estimated time for the meeting and the estimated time for each topic included in it shall be specified in the agenda.

Article No (13): Conflict between the Audit Committee and the Board of Directors

- If there is a conflict between the recommendations of the committee and the decisions of the board of directors, and if the board refuses to take into account the recommendation of the committee regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance, the report of the board of directors must include the committee's recommendation and its justifications, and the reasons for not taking them into account.

Article No (14): Mechanism for submitting notes or violations in the company

- The Audit Committee shall establish a mechanism that allows the employees of the company to submit their observations regarding any abuse in the financial or other reports confidentially, and it shall verify the application of this mechanism by conducting an independent investigation commensurate with the extent of the damage or abuse and adopting appropriate follow-up procedures.

Article No (15): Implementation and interpretation of the provisions of the regulation

- The provisions of this regulation are applied and interpreted in a manner that does not contradict the company's articles of association and any other regulations approved by the Board of Directors and in accordance with the Saudi Companies Law and the Capital Market Authority's regulations and their implementing regulations.

Article No (16): Remunerations of the Committee and the Secretary of the Committee

a- The committee member and the committee secretary shall be entitled to an annual remuneration and an allowance for attending meetings in accordance with the approved remuneration policy, or as recommended by the Board of Directors.

b- Those whose membership of the Audit Committee has expired for any reason prior to the expiration of the period specified for the Audit Committee shall be paid the annual reward and attendance allowance for the period preceding the termination of their membership.

c- The remuneration of the committee members shall be disclosed within the contents of the annual report of the Board of Directors.

Article No (17): Validity of the Regulations

a- These regulations are subject to review as part of reviewing the effectiveness of the committee's business governance.

b- No article, clause or paragraph will be added to or amended to this regulation except after obtaining the necessary approvals from the authorized persons.

c - This regulation is approved by the General Assembly and its effective date begins in accordance with the decision of the Assembly, and any other previously applicable regulations are repealed.

SAUDI ADVANCED INDUSTRIES COMPANY
Old and Updated Nominations and
Remuneration Committee

Before Amendment	After Amendment
<p>Summary: Name of the Company: Saudi Advanced Industries Company Activity: Transfer of advanced industrial technology to the Kingdom through the Economic Offset Program and other industrial projects. CR No. 1010068321 Company Address: P.O Box No. 51743, Riyadh 11553, Kingdom of Saudi Arabia</p>	<p>Removed</p>
<p>Introduction: In line with the stipulations outlined in Article Fifteen of the Corporate Governance Regulations in the Kingdom of Saudi Arabia, as established by the Board of the Capital Market Authority through Resolution No. 1-212-2006 dated 21/10/1427 AH corresponding to 12/11/2006 AD, in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424 AH, subsequently amended by the Capital Market Authority Board Resolution No. 1-1-2009 dated 08/01/1430 AH corresponding to 05/01/2009 AD, And in compliance with the resolution passed by the General Assembly of the Saudi Company for Advanced Industries on 13/5/1431 AH corresponding to 27/4/2010 AD, based on the recommendation put forth by the Board of Directors regarding the regulations governing the selection, duration, and functioning of the Nominations and Remuneration Committee, as approved during the Board of Directors' meeting No. (105) on 25/2/1431 AH corresponding to 9/2/2010 AD, The purpose of this regulation is to support the Board of Directors in executing its</p>	<p>Article (1) Purpose of the Policy: This regulation aims to define the committee's work controls and procedures, the scope of its work and responsibilities, its decision-making mechanism, and the tasks and duties of its members, in a way that helps the company's board of directors to enhance its performance. The purpose of this regulation is to support the Board of Directors in executing its assigned responsibilities with utmost efficiency. Specifically, it aims to nominate competent individuals for membership on the Board of Directors and in executive managerial positions, thereby enabling the company to implement a robust nominations policy and retain exceptional individuals among its Board members and managers. This, in turn, facilitates the company's ability to achieve its objectives and further its interests.</p>

assigned responsibilities with utmost efficiency. Specifically, it aims to nominate competent individuals for membership on the Board of Directors and in executive managerial positions, thereby enabling the company to implement a robust nominations policy and retain exceptional individuals among its Board members and managers. This, in turn, facilitates the company's ability to achieve its objectives and further its interests.	
Chapter (1)	Removed
General Provisions	Removed
Article (1): This Regulation shall be called the Nomination and Remuneration Committee Organizational Regulation and shall be effective from the date of its approval by the Capital Market Authority.	Removed
Article (2): All terms and phrases in this Regulation shall have the meanings contained in the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and any amendments thereto from time to time.	Removed
Article (3): The Company's Board of Directors is authorized to approve any proposals or recommendations received from the Committee.	Removed
Article (4): This Regulation defines the powers of the Nomination and Remuneration Committee, how its members are selected, and how their services are terminated.	Removed
Chapter (2)	Removed
Composition of the Committee and Member Selection Criteria	Removed
Article (5): The Nomination and Remuneration Committee shall consist of three (3) members selected by the Company's Board of Directors for a term not exceeding the Board's term.	Article (2) Forming the Committee and Selecting the Chairman 1- The Nomination and Remuneration Committee shall be formed by a decision of the Board of Directors, with no less than

	<p>three and no more than five members, and the Committee members must be from among the non-executive Board members. Committee members may also be from among the Company's shareholders or others.</p> <p>2- At least one independent Board member must be on the Committee.</p> <p>3- The Committee shall select a Committee Chairman from among its members in its first meeting, and the Chairman must be one of the independent Board members. The Committee shall also appoint a Committee Secretary from among its members or others.</p>
<p>Article (6): In selecting Nomination and Remuneration Committee members, the Company's Board of Directors must ensure that the Committee member meets the following conditions:</p> <p>A) The member must be a Board member.</p> <p>B) The member's independence, and if that is not feasible, the Committee Chairman must be one of the independent members.</p> <p>C) Possession of appropriate knowledge, expertise and skills in their dealings with the Company's executive management.</p>	<p>Article (3) Criteria and Basis for Selecting the Committee</p> <p>1- Legally and religiously competent.</p> <p>2- Trustworthy and honest, with no previous convictions for crimes of honor or honesty.</p> <p>3- Not someone who performs technical or administrative work in the Company, even as a consultant.</p> <p>4- Has sufficient time for effective participation in the Committee's work, and the ability to make wise, professionally ethical decisions.</p> <p>5- Impartial and objective.</p> <p>6- Reasonably understands the Committee's policies, nature of work, and is reasonably familiar with the relevant rules and regulations. Preferably has an appropriate academic qualification in this field.</p>
<p>Article (7): The Committee's membership shall end upon expiration of its term, or if any member loses membership in accordance with any effective</p>	<p>Article (4) Committee Membership Duration The Committee shall begin with the Board membership, and end with the end of the Board's term. A Committee member's</p>

system or instructions in the Kingdom. If the position of a Nomination and Remuneration Committee member becomes vacant during the Committee's term, the Board of Directors shall appoint another member to the vacant position, and the new member shall complete the term of his predecessor.

membership also ends due to resignation, or in accordance with any effective system or instructions in the Kingdom, or if an impediment from Article Three of these Regulations is found. If a Committee member's position becomes vacant for any reason, the Board of Directors may appoint a replacement member who shall complete the term of his predecessor.

The Board of Directors may also dismiss all or some of the Committee members at any time.

Article (8): If a Nomination and Remuneration Committee member is absent from three consecutive meetings during the Committee's term, the Company's Board of Directors may appoint another member to replace him.

Article (5) Committee Duties

- 1- Developing a clear policy for the remuneration of Board members, Board committee members, and executive management, submitting it to the Board of Directors for consideration prior to adoption by the General Assembly, provided that this policy follows performance-related criteria, discloses them, and verifies their implementation.
- 2- Clarifying the relationship between awarded remunerations and the applied remuneration policy, and stating any substantial deviation from that policy.
- 3- Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
- 4- .Recommending Board member, Board committee member, and executive management remuneration to the Board of Directors in accordance with the approved policy.
- 5- Proposing clear policies and standards for Board and executive management membership.

- 6- Recommending Board member nominations and re-nominations to the Board of Directors in accordance with approved policies and standards, ensuring no person previously convicted of a crime of honesty is nominated.
- 7- Preparing a description of the capabilities and qualifications required for Board membership and executive management positions.
- 8- Specifying the time a member should allocate to the work of the Board of Directors.
- 9- Annually reviewing required skills and experience appropriate for Board and executive management membership.
- 10- Reviewing the structure of the Board of Directors and executive management, and making recommendations regarding possible changes.
- 11- Annually verifying the independence of independent members, and the absence of any conflict of interest if the member is on another company's board.
- 12- Preparing job descriptions for executive, non-executive and independent Board members and senior executives.
- 13- Developing special procedures in case of a vacancy in a Board member or senior executive position.
- 14- Identifying weaknesses and strengths in the Board, and proposing solutions to address them in the Company's best interest.

Article (9): The Committee shall select a Chairman from among its members and appoint a Secretary to document its meeting minutes and handle its administrative tasks.

Article (6) Committee Member Duties and Responsibilities

- 1- Regularly attending Committee meetings and actively participating in its work. If a Committee member must be absent from a meeting, he must notify the Chairman by any available means.
- 2- Proper preparation for the meeting, reviewing agenda items and all related documents beforehand.
- 3- Maintaining the confidentiality of Committee and Company work, not disclosing to non-members any information deemed confidential through his work, except at the General Assembly.
- 4- Reviewing draft minutes thoroughly, providing feedback within a reasonable timeframe, and requesting clarification on any unclear decisions or statements.
- 5- Developing the skills necessary to perform his duties.
- 6- Understanding the Company's mission, objectives, goals, programs, and executive plans. Keeping up to date on relevant developments.
- 7- Exercising honesty, integrity, truthfulness, and objectivity. Not directing Company policy for personal gain or knowingly disclosing misleading information.
- 8- Not accepting anything of significant value from an employee, customer, supplier, or other business relation that could influence his Committee decisions.

	9- Promptly disclosing to the Board any potential conflicts of interest, refraining from voting when a conflict exists.
Chapter (3)	Removed
Powers and Duties of the Nomination and Remuneration Committee	Removed
<p>Article (10): The Nomination and Remuneration Committee shall have the following powers and authorities: Based on the aforementioned Board decision and pursuant to Article 15 of the Corporate Governance Regulations issued by the Capital Market Authority, the Nomination and Remuneration Committee has been delegated with the following duties:</p> <p>10/1 Conducting an annual review of the skills required for Board membership and preparing a description of the capabilities and qualifications required for the Board, including specifying the time that a member needs to allocate to the work of the Board.</p> <p>10/2 Reviewing the structure of the Board and making recommendations regarding potential changes.</p> <p>10/3 Identifying weaknesses and strengths in the Board, and proposing solutions to address them in the Company's best interest.</p> <p>10/4 Annually verifying the independence of independent members, and the absence of any conflict of interest if the member is on another company's board.</p>	<p>Article (7) Committee Powers</p> <ol style="list-style-type: none"> 1- The Committee may form among its members for any purpose it deems appropriate and fulfilling of its objectives. It may also grant the working group some of its powers and authorities when deemed appropriate. 2- Review any activity that falls under its jurisdiction or any matter requested by the Board of Directors or the General Assembly. 3- Seek legal and technical advice from any external party or consultant when necessary to assist the Committee in performing its duties. 4- The Committee has the right to take the following actions in order to perform its duties: <ol style="list-style-type: none"> أ- Access the Company's records and documents. ب- Request clarifications or statements from Board members or executive management. 5- The Company shall bear any costs necessary for the Committee to do its work.

<p>10/5 Making recommendations to the Board regarding nominations for Board membership in accordance with approved policies and criteria, ensuring no person previously convicted of a crime of honesty is nominated.</p> <p>10/6 Developing clear compensation and remuneration policies for Board members and senior executives, incorporating performance-linked criteria.</p>	
<p style="text-align: center;">Chapter (4)</p>	<p>Removed</p>
<p style="text-align: center;">Committee Meetings, Decisions, and Membership Compensation</p>	<p>Removed</p>
<p>Article (11): The Committee shall meet upon invitation from its Chairman periodically or whenever necessary, or upon request from a member. The invitation shall be by registered letter accompanied by the agenda and meeting time. A meeting shall not be valid unless attended by at least two members. A Committee member may not delegate another person to attend Committee meetings or abstain from voting.</p>	<p>Article (8) Confidentiality of Committee Work</p> <p>Committee members must maintain the confidentiality of information obtained through their membership, using it only for their membership duties. They may not announce or disclose any such information to any other party, exploit it in any way, deal with media about it, or speak on behalf of the Company. Confidentiality must also be maintained after Committee membership ends.</p>
<p>Article (12): Committee deliberations and decisions shall be recorded in minutes signed by the Committee Chairman, attending members, and Secretary. They shall be documented in a special register.</p>	<p>Article (9) Committee Meetings</p> <p>1- The Committee shall meet periodically at least every six months, and may hold additional meetings as needed. It shall also meet upon request from the Chairman or a member, with the reason stated and approved by most members. A meeting shall be valid only if attended by at least two members. A Committee member may not delegate another person to attend.</p> <p>2- If the Chairman cannot attend, he may authorize a member to chair the meeting. If</p>

no member is authorized, the members may select a meeting chairman.

- 3- Decisions shall be issued by majority vote of attendees. In case of a tie, the Chairman's vote shall be the casting vote.
- 4- Any member may reserve judgement on a Committee decision, stating the reasons in the minutes. A member is not absolved from responsibility for decisions made in his absence unless he has expressed reservation.
- 5- A member who is absent without an acceptable excuse from more than two meetings in a year shall be considered resigned.
- 6- Meetings may be held remotely through audio/visual communication, with attendance considered in person.
- 7- Postponing or canceling any meeting may be approved by most members as the Committee deems appropriate.
- 8- The Committee may invite any Board members, executives, or others to attend meetings and provide relevant information as needed.
- 9- The Committee may consult experts and specialists from within or outside the Company within its jurisdiction, stated in the minutes including name, company relationship, and executive management relationship.
- 10- The agenda must be adhered to, with consideration for additional topics suggested by members in a previous meeting. Any member may add new items before or during agenda approval for discussion.
- 11- Any member's inquiries or requests for clarification on agenda items or documents

	<p>before the meeting shall be answered promptly by the Chairman or his designee.</p> <p>12- No member or Secretary may leave the meeting or be absent without Chairman permission.</p> <p>13- The Committee shall make decisions on matters discussed by circulation, unanimously, and otherwise by majority vote. In case of a tie, the Chairman's side prevails.</p>
<p>Article (13): The Committee shall make decisions on matters discussed by circulation, unanimously, and otherwise by majority vote. In case of a tie, the Chairman's side prevails.</p>	<p>Article (10) Duties and Responsibilities of the Committee Secretary</p> <p>1- The Committee Secretary shall call its meetings upon request of the Chairman, send meeting notices to all members and any others the Committee deems necessary, including place, date, start time, agenda, and attachments. This shall be done well in advance of the meeting. The Secretary shall also:</p> <ul style="list-style-type: none">أ- Coordinate Committee meetings and propose agendas in coordination with the Chairman.ب- Obtain member approval of minutes after the Chairman's approval.ت- Arrange coordination with invitees to Committee meetings.ث- Notify members of meeting times, agenda, and required documents to study agenda items.ج- Attend, document, and prepare minutes of Committee meetings and maintain them in a special register.ح- Circulate Committee decisions to concerned parties.خ- Provide support and advice to the Committee on matters within its jurisdiction.

- 2- Committee meetings and decisions shall be documented in minutes signed by all attending members. Any technical means may be used for signing and documenting deliberations, minutes, and decisions, provided all attending and absent members receive a draft of the minutes within a specified timeframe. If any member has notes or amendments, they must provide them to the Chairman and Secretary within (seven) days of receiving the draft, otherwise it shall be considered final absent an emergency circumstance at the Chairman's discretion. Minutes must include:
- أ- Meeting place, date, and start time.
 - ب- Deliberations, discussions, and results of decisions and recommendations.
 - ت- Names of attending Committee members and others.
- 3- Members shall be provided, by the available means of email or otherwise, with the agenda, proposed discussion topics, and required decisions with supporting documents, no less than one week before scheduled meetings, and a reasonable sufficient time before emergency meetings to allow studying of agenda items and documents.
- 4- Any updates or changes to the agenda, documents, or timing shall be promptly provided to members.
- 5- The estimated meeting time and time estimated per agenda item shall be stated in the agenda.

<p>Article (14): Decisions made by the Nomination and Remuneration Committee shall be presented to the Company's Board of Directors in the first Board meeting following the decisions, for their information.</p>	<p>Article (11) Committee and Secretary Compensation</p> <ol style="list-style-type: none">1- A Committee member and Secretary shall receive an annual bonus and meeting attendance allowance according to the compensation policy approved by the General Assembly or as recommended by the Board of Directors.2- A member whose membership ends for any reason before the specified Committee term shall receive the pro-rated portion of the annual bonus and meeting allowance for the period before membership ended.3- Committee member compensation shall be disclosed in the content of the Board's annual report.
<p>Article (15): A Nomination Committee member shall receive a compensation of two thousand (2,000) Saudi Riyals for attending each Committee meeting.</p>	<p>Article (12) Conflicts of Interest</p> <ol style="list-style-type: none">1- If a member has a conflict of interest regarding an agenda item, he must disclose this before discussing the matter, recorded in the minutes, and may not participate in discussing or voting on it.2- If a member is unsure whether he has a conflict of interest, he may seek the Chairman's opinion and advice.3- Any member conflicts of interest shall be presented and discussed in a Committee meeting, and a summary presented to the Board of Directors after completing procedures, for appropriate action.4- A Committee member may not have any direct or indirect interest in contracts executed for the Company's account. Any such instance must be disclosed and Board approval obtained, without voting right.5- Disclosure of any family relationship between external consultants, Committee

	members, or working group members if existing.
Chapter (5)	Removed
Final Provisions	Removed
Article (16): A Committee member may not have any direct or indirect interest in contracts executed for the Company's account. A Committee member must disclose any such interest if it exists.	Article (23) Application and Interpretation of Regulations The application and interpretation of these Regulations shall not contradict the Company's Articles of Association or any other regulations adopted by the Board of Directors, and shall comply with the Saudi Companies Law and Capital Market Authority regulations and implementing provisions.
Article (17): A Nomination and Remuneration Committee member shall maintain the confidentiality of Company secrets, as required for Board members.	Article (24) Effectiveness of Regulations 1- These Regulations shall be reviewed as part of reviewing the effectiveness of Committee work governance. 2- No articles, clauses or paragraphs of these Regulations may be amended, deleted or added without obtaining the necessary approvals from authorized personnel. 3- These Regulations shall be approved by the General Assembly and become effective per its decision, superseding any previously applicable regulations.
Article (18): No articles of these Regulations may be amended, deleted or added without Board approval.	Removed
Note: These Regulations were approved by the Ordinary General Assembly of Advanced Petrochemical Company on 14/05/2018.	Removed

SAUDI ADVANCED INDUSTRIES COMPANY

Nominations and Remuneration Committee Charter

Article (1) Purpose:

- This regulation aims to define the committee's work controls and procedures, the scope of its work and responsibilities, its decision-making mechanism, and the tasks and duties of its members, in a way that helps the company's board of directors to enhance its performance.
- The purpose of this regulation is to support the Board of Directors in executing its assigned responsibilities with utmost efficiency. Specifically, it aims to nominate competent individuals for membership on the Board of Directors and in executive managerial positions, thereby enabling the company to implement a robust nominations policy and retain exceptional individuals among its Board members and managers. This, in turn, facilitates the company's ability to achieve its objectives and further its interests.

Article (2) Forming the Committee and Selecting the Chairman

- 1- The Nomination and Remuneration Committee shall be formed by a decision of the Board of Directors, with no less than three and no more than five members, and the Committee members must be from among the non-executive Board members. Committee members may also be from among the Company's shareholders or others.
- 2- At least one independent Board member must be on the Committee.
- 3- The Committee shall select a Committee Chairman from among its members in its first meeting, and the Chairman must be one of the independent Board members. The Committee shall also appoint a Committee Secretary from among its members or others.

Article (3) Criteria and Basis for Selecting the Committee

- 1- Legally and religiously competent.
- 2- Trustworthy and honest, with no previous convictions for crimes of honor or honesty.
- 3- Not someone who performs technical or administrative work in the Company, even as a consultant.
- 4- Has sufficient time for effective participation in the Committee's work, and the ability to make wise, professionally ethical decisions.
- 5- Impartial and objective.
- 6- Reasonably understands the Committee's policies, nature of work, and is reasonably familiar with the relevant rules and regulations. Preferably has an appropriate academic qualification in this field.

Article (4) Committee Membership Duration

- The Committee shall begin with the Board membership, and end with the end of the Board's term. A Committee member's membership also ends due to resignation, or in accordance with any effective system or instructions in the Kingdom, or if an impediment from Article Three of these Regulations is found. If a Committee member's position becomes vacant for any reason, the Board of Directors may appoint a replacement member who shall complete the term of his predecessor. The Board of Directors may, at any time, dismiss all or some of the committee members.

Article (5) Committee Duties

- 1- Developing a clear policy for the remuneration of Board members, Board committee members, and executive management, submitting it to the Board of Directors for consideration prior to adoption by the General Assembly, provided that this policy follows performance-related criteria, discloses them, and verifies their implementation.
- 2- Clarifying the relationship between awarded remunerations and the applied remuneration policy, and stating any substantial deviation from that policy.
- 3- Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
- 4- Recommending Board member, Board committee member, and executive management remuneration to the Board of Directors in accordance with the approved policy.
- 5- Proposing clear policies and standards for Board and executive management membership.
- 6- Recommending Board member nominations and re-nominations to the Board of Directors in accordance with approved policies and standards, ensuring no person previously convicted of a crime of honesty is nominated.
- 7- Preparing a description of the capabilities and qualifications required for Board membership and executive management positions.
- 8- Specifying the time a member should allocate to the work of the Board of Directors.
- 9- Annually reviewing required skills and experience appropriate for Board and executive management membership.
- 10- Reviewing the structure of the Board of Directors and executive management, and making recommendations regarding possible changes.

- 11- Annually verifying the independence of independent members, and the absence of any conflict of interest if the member is on another company's board.
- 12- Preparing job descriptions for executive, non-executive and independent Board members and senior executives.
- 13- Developing special procedures in case of a vacancy in a Board member or senior executive position.
- 14- Identifying weaknesses and strengths in the Board, and proposing solutions to address them in the Company's best interest.

Article (6) Committee Member Duties and Responsibilities

- 1- Regularly attending Committee meetings and actively participating in its work. If a Committee member must be absent from a meeting, he must notify the Chairman by any available means.
- 2- Proper preparation for the meeting, reviewing agenda items and all related documents beforehand.
- 3- Maintaining the confidentiality of Committee and Company work, not disclosing to non-members any information deemed confidential through his work, except at the General Assembly.
- 4- Reviewing draft minutes thoroughly, providing feedback within a reasonable timeframe, and requesting clarification on any unclear decisions or statements.
- 5- Developing the skills necessary to perform his duties.
- 6- Understanding the Company's mission, objectives, goals, programs, and executive plans. Keeping up to date on relevant developments.
- 7- Exercising honesty, integrity, truthfulness, and objectivity. Not directing Company policy for personal gain or knowingly disclosing misleading information.
- 8- Not accepting anything of significant value from an employee, customer, supplier, or other business relation that could influence his Committee decisions.
- 9- Promptly disclosing to the Board any potential conflicts of interest, refraining from voting when a conflict exists.

Article (7) Committee Powers

- 1- The Committee may form among its members for any purpose it deems appropriate and fulfilling of its objectives. It may also grant the working group some of its powers and authorities when deemed appropriate.
- 2- Review any activity that falls under its jurisdiction or any matter requested by the Board of Directors or the General Assembly.
- 3- Seek legal and technical advice from any external party or consultant when necessary to assist the Committee in performing its duties.
- 4- The Committee has the right to take the following actions in order to perform its duties:
 - أ- Access the Company's records and documents.
 - ب- Request clarifications or statements from Board members or executive management.
- 5- The Company shall bear any costs necessary for the Committee to do its work.

Article (8) Confidentiality of Committee Work

- Committee members must maintain the confidentiality of information obtained through their membership, using it only for their membership duties. They may not announce or disclose any such information to any other party, exploit it in any way, deal with media about it, or speak on behalf of the Company. Confidentiality must also be maintained after Committee membership ends.

Article (9) Committee Meetings

- 1- The Committee shall meet periodically at least every six months, and may hold additional meetings as needed. It shall also meet upon request from the Chairman or a member, with the reason stated and approved by most members. A meeting shall be valid only if attended by at least two members. A Committee member may not delegate another person to attend.
- 2- If the Chairman cannot attend, he may authorize a member to chair the meeting. If no member is authorized, the members may select a meeting chairman.
- 3- Decisions shall be issued by majority vote of attendees. In case of a tie, the Chairman's vote shall be the casting vote.
- 4- Any member may reserve judgement on a Committee decision, stating the reasons in the minutes. A member is not absolved from responsibility for decisions made in his absence unless he has expressed reservation.
- 5- A member who is absent without an acceptable excuse from more than two meetings in a year shall be considered resigned.
- 6- Meetings may be held remotely through audio/visual communication, with attendance considered in person.

- 7- Postponing or canceling any meeting may be approved by most members as the Committee deems appropriate.
- 8- The Committee may invite any Board members, executives, or others to attend meetings and provide relevant information as needed.
- 9- The Committee may consult experts and specialists from within or outside the Company within its jurisdiction, stated in the minutes including name, company relationship, and executive management relationship.
- 10- The agenda must be adhered to, with consideration for additional topics suggested by members in a previous meeting. Any member may add new items before or during agenda approval for discussion.
- 11- Any member's inquiries or requests for clarification on agenda items or documents before the meeting shall be answered promptly by the Chairman or his designee.
- 12- No member or Secretary may leave the meeting or be absent without Chairman permission.
- 13- The Committee shall make decisions on matters discussed by circulation, unanimously, and otherwise by majority vote. In case of a tie, the Chairman's side prevails.

Article (10) Duties and Responsibilities of the Committee Secretary

- 1- The Committee Secretary shall call its meetings upon request of the Chairman, send meeting notices to all members and any others the Committee deems necessary, including place, date, start time, agenda, and attachments. This shall be done well in advance of the meeting. The Secretary shall also:
 - Coordinate Committee meetings and propose agendas in coordination with the Chairman.
 - Obtain member approval of minutes after the Chairman's approval.
 - Arrange coordination with invitees to Committee meetings.
 - Notify members of meeting times, agenda, and required documents to study agenda items.
 - Attend, document, and prepare minutes of Committee meetings and maintain them in a special register.
 - Circulate Committee decisions to concerned parties.
 - Provide support and advice to the Committee on matters within its jurisdiction.
- 2- Committee meetings and decisions shall be documented in minutes signed by all attending members. Any technical means may be used for signing and documenting deliberations, minutes, and decisions, provided all attending and absent members receive a draft of the minutes within a specified timeframe. If any member has notes or amendments, they must provide them to the Chairman and Secretary within (seven) days of receiving the draft, otherwise

it shall be considered final absent an emergency circumstance at the Chairman's discretion. Minutes must include:

- أ- Meeting place, date, and start time.
 - ب- Deliberations, discussions, and results of decisions and recommendations.
 - ت- Names of attending Committee members and others.
- 3- Members shall be provided, by the available means of email or otherwise, with the agenda, proposed discussion topics, and required decisions with supporting documents, no less than one week before scheduled meetings, and a reasonable sufficient time before emergency meetings to allow studying of agenda items and documents.
 - 4- Any updates or changes to the agenda, documents, or timing shall be promptly provided to members.
 - 5- The estimated meeting time and time estimated per agenda item shall be stated in the agenda.

Article (11) Committee and Secretary Compensation

- 1- A Committee member and Secretary shall receive an annual bonus and meeting attendance allowance according to the compensation policy approved by the General Assembly or as recommended by the Board of Directors.
- 2- A member whose membership ends for any reason before the specified Committee term shall receive the pro-rated portion of the annual bonus and meeting allowance for the period before membership ended.
- 3- Committee member compensation shall be disclosed in the content of the Board's annual report.

Article (12) Conflicts of Interest

- 1- If a member has a conflict of interest regarding an agenda item, he must disclose this before discussing the matter, recorded in the minutes, and may not participate in discussing or voting on it.
- 2- If a member is unsure whether he has a conflict of interest, he may seek the Chairman's opinion and advice.
- 3- Any member conflicts of interest shall be presented and discussed in a Committee meeting, and a summary presented to the Board of Directors after completing procedures, for appropriate action.
- 4- A Committee member may not have any direct or indirect interest in contracts executed for the Company's account. Any such instance must be disclosed and Board approval obtained, without voting right.
- 5- Disclosure of any family relationship between external consultants, Committee members, or working group members if existing.

Article (23) Application and Interpretation of Regulations

- The application and interpretation of these Regulations shall not contradict the Company's Articles of Association or any other regulations adopted by the Board of Directors, and shall comply with the Saudi Companies Law and Capital Market Authority regulations and implementing provisions.

Article (24) Effectiveness of Regulations

- 1- These Regulations shall be reviewed as part of reviewing the effectiveness of Committee work governance.
- 2- No articles, clauses or paragraphs of these Regulations may be amended, deleted or added without obtaining the necessary approvals from authorized personnel.
- 3- These Regulations shall be approved by the General Assembly and become effective per its decision, superseding any previously applicable regulations.

SAUDI ADVANCED INDUSTRIES COMPANY

Differences in the policy, criteria and procedures for Nomination for Membership of the Board of Directors

After Amendment	Before Amendment
<p>First: Requirements for Nomination to the Board of Directors:</p> <ol style="list-style-type: none"> 1- The nominee shall not have previously been convicted of a crime involving honor or honesty, or administrative violations resulting from fraudulent or deceptive behaviors, or declared bankrupt or entered into arrangements or settlements with creditors, or been subject to a judgment for violating the regulations and legislation of the Capital Market Authority and the Saudi Arabian Monetary Agency, or deemed unfit for Board membership pursuant to any prevailing system or instructions in the Kingdom, and shall provide a declaration to that effect. 2- The nominee shall not have previously been dismissed or removed from the board of directors of a listed joint stock Company or any other Company's board due to negligence, mismanagement, or irregular attendance of board or committee meetings, and shall provide a declaration to that effect. 3- The member shall not have previously resigned during his membership term on the Board of Directors. 4- The nominee shall not be a member of the boards of directors of more than five (5) listed joint stock companies at the same time. 	<ul style="list-style-type: none"> • The nominee shall not have previously been convicted of a crime involving honor, trustworthiness, or declared bankrupt or entered into arrangements or settlements with creditors. Or deemed unfit for Board membership pursuant to any effective system or instructions in the Kingdom. • The nominee shall not be a member of the boards of directors of more than five (5) joint stock companies at the same time. • The nominee shall have effective communication skills and strategic thinking abilities. • The nominee shall not be a government employee. • Diversity in academic qualification and practical experience shall be observed, and priority in nomination shall be given to required skills appropriate for Board membership. • The number of independent members shall not be less than one-third of the Board members. • In the case of an independent member, none of the conditions that contradict independence shall apply. • A Board member shall own a number of the Company's shares with a nominal value of not less than ten thousand (10,000) Riyals within thirty days from the date of the member's appointment.

- | | |
|---|--|
| <p>5- The nominee shall not be a government employee.</p> <p>6- Diversity in academic qualification and practical experience shall be observed, and priority in nomination shall be given to required skills appropriate for Board membership.</p> <p>7- Ability to Lead: The member shall enjoy leadership skills, which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values as well as being able to communicate effectively, plan and think strategically.</p> <p>8- Qualifications, Skills and Experience: The member shall fulfill the practical qualifications, with a minimum of obtaining a university degree. Appropriate professional and personal skills, level of training, practical experiences relevant to the Company's current and future activities, knowledge of management, economics, accounting, law, governance, or any related field in the Company's activities, as well as a desire to learn and train.</p> <p>9- Financial Knowledge The member shall have the ability to read and understand financial statements and reports.</p> <p>10- Physical Fitness The member shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.</p> | <ul style="list-style-type: none">• The Board member shall represent all shareholders and commit to serve the overall interest of the Company, not just the interests of the group he represents or that voted for his appointment to the Board.• The Board member shall resign prior to the end of his term on the Board, or if he loses eligibility for Board membership, becomes unable to perform his duties, or becomes unable to allocate the necessary time or effort to fulfill his responsibilities on the Board. However, in case of a conflict of interest, the member shall have the option of obtaining an annual renewal of permission from the General Assembly or submitting his resignation.• Second: Procedures for Board of Directors Membership:• The Nominations and Remunerations Committee shall coordinate with the executive management of the Company to announce the opening of nomination for membership of the Board of Directors of the Company in accordance with the Companies Law, the circulars of the Ministry of Commerce and Industry, and the Corporate Governance Regulations.• The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors regarding nomination for Board membership in accordance with |
|---|--|

11- The nominee shall commit to the principles of honesty, loyalty, care and attention to the interests of the Company and its shareholders, and prioritize those over personal interests, observing the following:

- A) The Board member's relationship with the Company shall be an honest professional one, disclosing any influential information to the Company before executing any transaction or contract with the Company or any of its affiliates.
- B) Demonstrating loyalty by avoiding transactions that involve a conflict of interest, while ensuring fair dealing and observing the relevant regulations on conflict of interest.
- C) Exercising care and attention in performing the duties and responsibilities stipulated in the relevant regulations.

12- The nominee shall be a natural person.

13- The independent member shall be fully independent in his position and decisions, and none of the stipulated impediments to independence in the relevant regulations shall apply.

14- The nominee shall disclose to the Board and the General Assembly any cases of conflict of interest, as stipulated by the regulatory authorities, including:

the aforementioned policies and criteria.

- Anyone wishing to nominate himself for the Company's Board membership shall declare his desire by notifying the Company's management in accordance with the periods and deadlines stipulated in the effective regulations, bylaws, circulars and resolutions. This notification shall include the nominee's profile and qualifications, as well as practical experience.
- A nominee who has previously served on the board of directors of a joint stock Company shall state the number and dates of the boards of directors of the companies in which he held membership.
- A nominee who has previously served on the Company's Board of Directors shall attach to the nomination notification a statement from the Company's management about the last term in which he served on the Board, including the following information:
 - The number of Board meetings held during each year of the term.
 - The number of meetings attended by the member in person and the percentage of attendance out of the total meetings.
 - The standing committees in which the member participated, the number of meetings held by

- A) Having a direct or indirect interest in the business and contracts executed for the Company's account.
- B) Participating in a business that competes with the Company or competes with it in one of its activities.
- 15- The Board member shall represent all shareholders and commit to serve the overall interest of the Company, not just the interests of the group he represents or that voted for his appointment to the Board.
- 16- The Board member shall resign prior to the end of his term on the Board, or if he loses eligibility for Board membership, becomes unable to perform his duties, or becomes unable to allocate the necessary time or effort to fulfill his responsibilities on the Board. However, in case of a conflict of interest, the member shall have the option of obtaining an annual renewal of permission from the General Assembly or submitting his resignation.
- 17- The nominee shall complete, fill out and sign the forms specified by the Authority and regulatory authorities, as well as any forms prepared by the Company to meet its requirements and regulatory requirements within the specified timeframe.

Second: Procedures for Board of Directors Membership:

- each of those committees during each year of the term, the number of meetings attended by the member, and the percentage of attendance out of the total meetings.
- The nature of the membership shall be clarified, i.e. whether the member is executive, non-executive or independent.
 - The nature of the membership shall be clarified, i.e. whether the member is nominated in his personal capacity or as a representative of a legal entity.
 - The Nominations and Rewards Committee, in coordination with the executive management of the Company, sends copies of the nomination notifications and their attachments, and a list of the names of the candidates, to the General Administration of Companies at the Ministry of Commerce and Industry.
 - The Nomination and Remuneration Committee shall coordinate with the Company's executive management to provide the Capital Market Authority with the curricula vitae of the nominees for the Company's Board membership in accordance with the "Curriculum Vitae Form for Nominees for Board Membership of Listed Joint Stock Companies in the Saudi Stock Exchange (Tadawul)".
 - The Nomination and Remuneration Committee shall implement any

- | | |
|--|--|
| <ol style="list-style-type: none">1- The Nomination and Remuneration Committee shall coordinate with the Company's executive management to announce the opening of nominations for the Company's Board membership before the end of the Board's term in accordance with the specified period stipulated in the regulations, bylaws, circulars and effective resolutions of the legislative and regulatory authorities.2- The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors regarding nomination for Board membership in accordance with the aforementioned policies and criteria.3- Anyone wishing to nominate himself for the Company's Board membership shall declare his desire by notifying the Company's management in accordance with the periods and deadlines stipulated in the effective regulations, bylaws, circulars and resolutions. This notification shall include the nominee's profile and qualifications, as well as practical experience.4- A nominee who has previously served on the board of directors of a joint stock Company shall state the number and dates of the boards of directors of the companies in which he held membership.5- A nominee who has previously served on the Company's Board of Directors shall attach to the nomination | <p>observations received from the competent authorities regarding any nominee.</p> <ul style="list-style-type: none">• Voting in the General Assembly shall be limited to those who nominated themselves in accordance with the policies and criteria. |
|--|--|

notification a statement from the Company's management about the last term in which he served on the Board, including the following information:

- A) The number of Board meetings held during each year of the term.
 - B) The number of meetings attended by the member in person and the percentage of attendance out of the total meetings.
 - C) The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the term, the number of meetings attended by the member, and the percentage of attendance out of the total meetings.
- 6- The nature of the membership shall be clarified, i.e. whether the member is executive, non-executive or independent.
 - 7- The nature of the membership shall be clarified, i.e. whether the member is nominated in his personal capacity or as a representative of a legal entity.
 - 8- The Nomination and Remuneration Committee shall coordinate with the Company's executive management to provide the Capital Market Authority with the curricula vitae of the nominees for the Company's Board membership in accordance with the "Curriculum Vitae Form for Nominees for Board

<p>Membership of Listed Joint Stock Companies in the Saudi Stock Exchange (Tadawul)".</p> <p>9- The Nomination and Remuneration Committee shall implement any observations received from the competent authorities regarding any nominee.</p> <p>10- Voting in the General Assembly shall be limited to those who nominated themselves in accordance with the policies and criteria.</p>	
--	--

SAUDI ADVANCED INDUSTRIES COMPANY

**Policy, Standards and Procedures of
Nomination to Membership of the Board of
Directors**

First: Conditions of Nomination for Board of Directors Membership

- 1-The candidate must have a clean record without any prior convictions related to moral turpitude, dishonesty, administrative offenses due to fraudulent or deceitful conduct, bankruptcy, violations of regulations and legislation set by the Capital Market Authority and the Arab Monetary Agency, or any disqualification specified by applicable laws or regulations in the Kingdom, and he is required to provide a declaration confirming his eligibility in this regard.
- 2- The candidate should not have previously been dismissed or removed from the board of directors of a listed joint-stock company or any board of directors of any company due to negligence, mismanagement, or failure to attend meetings of the board or its committees, and he has to submit a declaration of that.
- 3- The member should not have previously submitted his resignation during the validity of his membership in the Board of Directors.
- 4- The candidate should not be a member of the boards of directors of more than five (5) joint-stock companies listed at one time.
- 5- The candidate should not be a government employee.
- 6- Taking into account diversity in educational qualification and practical experience, and giving priority in nomination to the required needs of people with suitable skills for membership of the Board of Directors.
- 7- The ability to lead: by having leadership skills that qualify him to grant powers in a way that leads to stimulating performance, applying best practices in the field of effective management, adherence to professional values and ethics, and the ability to communicate effectively, think and plan strategically.
- 8- Qualifications, skills, and experience: by having practical qualifications, with a minimum of obtaining a university degree. Appropriate professional and personal skills, level of training, practical experiences relevant to the company's current and future activities, knowledge of management, economics, accounting, law, governance, or any related field in the company's activities, as well as a desire to learn and train.
- 9- Financial knowledge: by being able to read and understand financial data and reports.
- 10- Healthy fitness: that he has no health impediment that hinders him from exercising his duties and competencies.

11- The candidate must abide by the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and the shareholders, prioritizing them over his personal interest, and taking into account the following:

a- That the Board member's relationship with the company be an honest professional relationship, and disclose to the company any influential information before executing any deal or contract with the company or one of its subsidiaries.

b- Loyalty is achieved by avoiding transactions that involve conflict of interests, while verifying the fairness of dealing and observing the provisions related to conflict of interests contained in the relevant regulations.

c - Care and interest in performing the duties and responsibilities stipulated in the relevant regulations.

12- The candidate must be a natural person.

13- An independent member must enjoy complete independence in his position and decisions, and none of the signs of independence stipulated in the relevant regulations should be applicable to him.

14- The candidate must disclose to the board and the association any cases of conflict of interest - according to the procedures established by the oversight authorities, including:

a- The existence of a direct or indirect interest in the business and contracts that are concluded for the company's account.

b- His participation in a business that would compete with the company, or with it in one of the branches of the activity that it practices.

15- That the member of the Board of Directors represents all shareholders, and that he adheres to what achieves the interests of the company in general and not what achieves the interests of the group he represents or that voted to appoint him to the Board of Directors.

16- A member of the Board of Directors must resign before the end of his term in the Board, or in the event of his loss of eligibility to work as a member of the Board of Directors, or his inability to carry out his work, or his inability to dedicate the necessary time or effort to perform his duties in the Board. However, in the event of a conflict of interests The member will have the option to obtain a license from the General Assembly, which will be renewed every year, or to submit his resignation.

17- The candidate must complete, fill in and sign the forms specified by the Authority and the regulatory authorities, and the forms prepared by the company to meet the company's requirements and the statutory requirements on time.

Second: Procedures of Membership at the Company's Board of Directors

- 1- Nominations and remunerations committee undertakes coordination with the company executive management to announce opening of nomination for membership of the company's board of directors before expiry of the board term according to the specified period as stipulated by laws and regulation of the legislative and regulatory entities.
- 2- Nominations and remunerations committee presents its recommendations to the board of directors regarding nomination for the board membership according to the aforesaid policies and standards.
- 3- Whoever would like to nominate himself to membership of the company's board of directors shall announce his intention through a notification to the company management according to the terms and times stipulated in the current laws, regulations and circulations, and this notification shall include a definition of the candidate in terms of his CV, qualifications and work experiences.
- 4- The candidate who has held before membership of a board of directors at one of the shareholding companies shall state the number and date of the boards of directors in which he was a member.
- 5- The candidate who has held before membership of the company board of directors shall enclose with the nomination notification a statement from the company management of the last session in which he was a member of the board involving the following information.
 - a- The number of board meetings that took place during each year of the session.
 - b- The number of meetings attended by the member, and the percentage of his attendance to all meetings.
 - c- The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings he attended, and the percentage of his attendance to the total number of meetings.

- 6- The status of membership must be clarified, ie whether the member is an executive member, a non-executive member, or an independent member.
- 7- The nature of membership must be clarified, i.e. whether the member is a candidate in his personal capacity or is a representative of a legal person.
- 8- The Nominations and Rewards Committee, in coordination with the executive management of the company, provides the Capital Market Authority with the resumes of the candidates for membership of the company's board of directors according to the "CV model of the candidate for membership of the board of directors of a joint-stock company listed on the Saudi Stock Exchange (Tadawul)."
- 9- The Nominations and Rewards Committee must implement any observations received from the competent authorities about any candidate.
- 10- Voting in the General Assembly is limited to those who nominated themselves in accordance with the policies and criteria.

SAUDI ADVANCED INDUSTRIES COMPANY

Old and Updated Remuneration and Rewards Policy

Board of Directors its Sub-Committees and the Executive Management

After Amendment	Before Amendment
<p>Article (1) Application</p> <ul style="list-style-type: none"> - This policy applies to the members of the Board of Directors (the Board), its subcommittees and the executive management of Saudi Advanced Industries Company (the Company). 	<p>1. Application</p> <p>This policy applies to the members of the Board of Directors (the Board), its subcommittees and the executive management of Saudi Advanced Industries Company (the Company).</p>
<p>Article (2) Purpose and Description of the Policy</p> <ul style="list-style-type: none"> - This policy has been formulated in accordance with the Companies Law, Capital Market Law and their Implementing Regulations, to fairly compensate the members of the Board, its subcommittees, and the executive management, and to align HR aspirations with the Company's objectives. 	<p>2. Purpose and Description of the Policy</p> <p>This policy has been formulated in accordance with the Companies Law, Capital Market Law and their Implementing Regulations, to fairly compensate the members of the Board, its subcommittees (except the Audit Committee), and the executive management, and to align HR aspirations with the Company's objectives.</p>
<p>Article (3) Compensation Philosophy</p> <p>A) The Company aims to attract individuals with adequate competency and talent to work on the Board, and to perform the roles of the committees and executive management according to their personal backgrounds and aspirations. The Company aims to compensate them according to those personal differences and expectations in a way that ensures maintaining internal fairness and external competitiveness. Additionally, the Company focuses on retaining individuals who adhere to the Company's values and desired behaviors.</p> <p>B) The Company aims to align its internal compensation framework so that individuals working on the Board, committees and executive positions are</p>	<p>3. Compensation Philosophy</p> <p>A) The Company aims to attract individuals with adequate competency and talent to work on the Board, and to perform the roles of the committees and executive management according to their personal backgrounds and aspirations. The Company aims to compensate them according to those personal differences and expectations in a way that ensures maintaining internal fairness and external competitiveness. Additionally, the Company focuses on retaining individuals who adhere to the Company's values and desired behaviors.</p> <p>B) The Company aims to align its internal compensation framework so that individuals working on the Board, committees and executive positions are</p>

<p>paid the best market rates. The Company also aims to provide exclusive benefit programs for those individuals so it can attract and retain the best available talents.</p>	<p>paid the best market rates. The Company also aims to provide exclusive benefit programs for those individuals so it can attract and retain the best available talents.</p>
<p>Article (4) Principles of Rewards</p> <p>A) The company intends to maintain internal fairness by ensuring equity in reward practices that align with the individual's position, geographic location, and working conditions.</p> <p>B) The company aims to maintain external competitiveness by determining reward practices that are benchmarked against industry sectors in other companies, within the framework of different geographical circumstances.</p> <p>C) The company intends to continue paying rewards based on a performance-driven culture, appreciating the value of each individual's performance and their contribution to the growth of the organization.</p>	<p>Principles of Rewards</p> <p>A) The company intends to maintain internal fairness by ensuring equity in reward practices that align with the individual's position, geographic location, and working conditions.</p> <p>B) The company aims to maintain external competitiveness by determining reward practices that are benchmarked against industry sectors in other companies, within the framework of different geographical circumstances.</p> <p>C) The company intends to continue paying rewards based on a performance-driven culture, appreciating the value of each individual's performance and their contribution to the growth of the organization.</p>
<p>Article (5) Compensation Policy</p> <p>- The Nomination and Remuneration Committee is responsible for recommending to the Board the compensation of members of the Board of Directors, its subcommittees and senior executives of the Company, in accordance with the approved policy, taking into account the following:</p> <p>A) Alignment with the Company's strategy and objectives.</p> <p>B) Compensation is provided to encourage Board members and executive management to succeed in developing the Company in the long term, and link</p>	<p>5. Compensation Policy</p> <p>The Nomination and Remuneration Committee is responsible for recommending to the Board the compensation of members of the Board of Directors, its subcommittees and senior executives of the Company, in accordance with the approved policy, taking into account the following:</p> <p>A) Taking into account the following:</p> <p>B) Alignment with the Company's strategy and objectives.</p> <p>C) Compensation is provided to encourage Board members and executive management to succeed in developing the Company in the long term, and link the variable part of compensation to long-term performance.</p>

the variable part of compensation to long-term performance.

- C) Determining compensation based on position level, assigned tasks and responsibilities, academic qualifications, practical experience, skills, and performance level.
- D) Alignment with the size, nature and degree of risks at the Company.
- E) Taking into consideration the practices of other companies in determining compensation, while avoiding unjustified increases in compensation and remuneration.
- F) Aiming to attract, retain and motivate professional competencies without exaggeration.
- G) Preparing in coordination with the Nomination and Remuneration Committee for new appointments.
- H) Cases of suspension or recovery of compensation if it is found to be based on inaccurate information provided by a Board member, committee member or executive management member, to prevent abuse of position to obtain undue compensation.
- I) Compensation shall be calculated until the end of membership. If the member's membership is terminated as per the relevant regulations, the member shall not be entitled to any compensation after the last meeting they attended, and must return all compensation received for that period, which the Company has the right to claim.
- J) Organizing the granting of Company shares to Board members and executive management, whether a new issuance or shares purchased by the Company.

- D) Determining compensation based on position level, assigned tasks and responsibilities, academic qualifications, practical experience, skills, and performance level.
- E) Alignment with the size, nature and degree of risks at the Company.
- F) Taking into consideration the practices of other companies in determining compensation, while avoiding unjustified increases in compensation and remuneration.
- G) Aiming to attract, retain and motivate professional competencies without exaggeration.
- H) Preparing in coordination with the Nomination and Remuneration Committee for new appointments.
- I) Cases of suspension or recovery of compensation if it is found to be based on inaccurate information provided by a Board member or executive management member, to prevent abuse of position to obtain undue compensation.
- J) Organizing the granting of Company shares to Board members and executive management, whether a new issuance or shares purchased by the Company.

Article (6) Remuneration of the Board Members:

- A) Board members are granted an annual remuneration of SAR 250,000.
- B) If it is recommended that the remuneration be a certain percentage of the Company's profits, the Board members are entitled to 6% of the net profits, after deducting the reserves determined by the General Assembly in accordance with the provisions of the Law and the Company's Articles of Association, and after distributing dividends to shareholders of no less than 5% of the Company's paid-up capital, provided that entitlement to this remuneration is proportional to the number of meetings attended by the member in accordance with the controls set by the competent authority.
- C) A Board member may be granted remuneration in return for any additional executive, technical, administrative or advisory roles assigned by the Board which serve the interest of the Company, by virtue of a professional license in addition to the remuneration they receive as members of the Board of Directors or its Subcommittees in accordance with the Companies Law and Company's Articles of Association.

Remuneration of the Board of Directors

Board members shall be entitled to an annual an annual remuneration of SAR 250,000. If it is recommended that the remuneration be a percentage of the Company's profits, this percentage may not exceed 10% of the net profits, after deducting the reserves determined by the General Assembly in accordance with the Law and the Company's Articles of Association, and after distributing dividends to shareholders of no less than 5% of the Company's paid-up capital, provided that entitlement to this remuneration is proportional to the number of meetings attended by the member, and that the total remuneration and financial or in-kind benefits received by a Board member does not exceed SAR 500,000 annually on an accrual basis, provided that the Company takes into account the remuneration received by the member from invested companies as their representative, in accordance with the controls set by the competent authority.

Article (7) Remuneration of the Board Subcommittees

- A) Members of the Board Subcommittees shall be entitled to a fixed annual remuneration of SAR 250,000.
- B) In case the member serves on more than one committee, his total remuneration for membership in all committees must not exceed 150% of the total remuneration.

. Remuneration of the Members of the Board Subcommittees

Members of the Board Subcommittees shall be entitled to an annual remuneration of SAR 150,000 to be paid at the end of the Company's Fiscal Year. In case the Member serves on more than one committee, his/her total remuneration in all committees shall not exceed 150% of the total remuneration. The

<p>C) The Board Secretary shall also be granted annual remuneration equivalent to 50% of the remuneration of a Board member.</p> <p>D) The Committee Secretary shall be entitled to an annual remuneration equivalent to 50% of the remuneration of a committee member.</p> <p>E) In case the Committee Secretary serves on more than one committee, his total remuneration in all committees must not exceed 50% of the remuneration of committee members as stipulated in paragraph (b) of this Article.</p>	<p>Secretary of the Board of Directors and the Committee Secretary shall be entitled to an annual remuneration equivalent to 50% of the remuneration of a committee member.</p>
<p>Article (8) Allowances for Attending Meetings of the Board of Directors and its Subcommittees</p> <p>A) Each Board member shall be paid SAR 3,000 for each meeting attended, and the Board Secretary shall be paid 50% of the allowance paid to a Board member.</p> <p>B) Members of the Board of Directors and its Subcommittees shall be paid SAR 2,000 for each meeting attended, and the Committee Secretary shall be paid 50% of the allowance paid to a member.</p>	<p>8. Allowances for Attending Meetings of the Board of Directors and its Subcommittees</p> <p>Each Board member shall be paid SAR 3,000 and each member of committees emanating from the Board shall be paid SAR 2,000 for each meeting .</p>
<p>Article (9) Costs of Attending Meetings Held Inside the Kingdom of Saudi Arabia</p> <p>- Members of the Board of Directors, its Subcommittees and the Board Secretary shall be paid SAR 1,500 per night if the meeting is held outside their place of residence.</p>	<p>9. Costs of Attending Meetings Held Inside the Kingdom of Saudi Arabia</p> <p>Members of the Board of Directors, its Subcommittees and the Board Secretary shall be paid SAR 1,500 per night if the meeting is held outside their place of residence.</p>
<p>Article (10) Costs of Attending Meetings Held outside the Kingdom of Saudi Arabia</p> <p>- Members of the Board of Directors, its Subcommittees and the Board Secretary shall be paid SAR 2,500 per night if the meeting is held outside the Kingdom of Saudi Arabia.</p>	<p>10. Costs of Attending Meetings Held outside the Kingdom of Saudi Arabia</p> <p>Each Board and committee member and the Board Secretary shall be paid SAR 2,500 per night if the meeting is held outside their place of residence.</p> <p>In case a Board member is assigned exceptional tasks, their remuneration must be</p>

	presented to the Board of Directors and General Assembly for approval.
<p>Article (11) Executive Management Executive management compensation and rewards include:</p> <p>A) Basic salary (paid monthly at end of month) housing allowance, transportation allowance and benefits agreed upon in employment contracts</p> <p>B) Insurance benefits including spouse, minor children and parents</p> <p>C) Short-term incentive plans linked to individual and company performance. Long-term incentive plans such as stock options, if any</p> <p>D) Other benefits including but not limited to annual leave, annual air tickets for non-Saudis, spouses and minor children and end of service benefits</p>	<p>11. Executive Management Executive management compensation and rewards include:</p> <ul style="list-style-type: none"> • Basic salary (paid monthly at end of month) housing allowance, transportation allowance and benefits agreed upon in employment contracts • Insurance benefits including spouse and minor children • Short-term incentive plans linked to individual and company performance. Long-term incentive plans such as stock options, if any • Other benefits including but not limited to children education allowance of SAR 15.000 to be paid annually for each child, annual leave, annual air tickets for non-Saudis, spouses and minor children and end of service benefits
<p>Article (12) Compensation Payment</p> <p>A) Compensation is paid in Saudi Riyals by direct bank transfer to designated accounts</p> <p>B) The remuneration of the Board of Directors and the compensation of its Subcommittees, the Secretary of the Board and the Secretary of the Committee shall be paid based on the recommendation of the Nominations and Remuneration Committee and in accordance with a decision of the Board of Directors</p>	<p>12. Compensation Payment</p> <ul style="list-style-type: none"> • Compensation is paid in Saudi Riyals by direct bank transfer to designated accounts
<p>Article (13) The Competent Authority for this Policy</p> <p>A) The Nomination and Remuneration Committee periodically reviews this policy and evaluates its effectiveness in achieving its objectives. This policy is subject to updating and review to adapt to changes in</p>	<ul style="list-style-type: none"> • The Competent Authority for this Policy <p>The Nomination and Remuneration Committee periodically reviews this policy and evaluates its effectiveness in achieving its objectives. This policy is subject to updating and review to adapt to changes in labor market</p>

<p>labor market conditions and achieve company growth and expansion.</p> <p>B) The Nominations and Remuneration Committee of the Board of Directors recommends the remuneration of the members of the Board of Directors, its Subcommittees, and the senior executives of the company in accordance with the approved policy.</p>	<p>conditions and achieve company growth and expansion.</p>
<p>Article (14) Final Provisions (Publication and Revision)</p> <p>- This policy shall be effective and binding on the Company from the date of its approval by the General Assembly of Shareholders. It must also be published on the Company's website to be available to shareholders, the public and stakeholders. It may be amended by the General Assembly of Shareholders based on the Board of Directors' recommendation.</p>	<p>Final Provisions (Publication and Revision)</p> <p>This policy shall be effective and binding on the Company from the date of its approval by the General Assembly of Shareholders. It must also be published on the Company's website to be available to shareholders, the public and stakeholders. It may be amended by the General Assembly of Shareholders based on the Board of Directors' recommendation.</p>

**SAUDI ADVANCED INDUSTRIES
COMPANY**

**Policy of Compensation and
Remuneration Of**

**The Board of Directors, its Committees
and the Executive Management**

Article No (1): Scope

- This policy applies to the members of the Board of Directors (the Board) and the members of the committees emanating from the Board and the executive management of the Saudi Advanced Industries Company (the Company).

Article No (2): Purpose and Description of the Policy

- This policy has been formulated in accordance with the Companies Law and the Capital Market Law and implementing regulations, in order to reward the members of the board and the members of the committees emanating from the board, and the executive management in a fair and equitable manner, and to cope with the aspirations of human resources in line with the objectives of the company.

Article No (3): Rewards Philosophy

- a- The company aims to attract individuals enjoying a good standard of competence and talent to serve on the board, and to perform the roles assigned to the committees and the executive management, according to their personal backgrounds and aspirations. The company aims to reward them according to those personal differences and expectations, in a way that ensures the maintenance of internal justice and external competitions. In addition, the company focuses on maintaining those individuals who adhere to the values of the company and the actions that the company aspires to.
- b- The company aims to harmonize its internal remuneration framework so that individuals who serve on the board, committees and executive positions receive the best wages in the market. The company also aims to develop exclusive benefit programs for these individuals so that they can attract and retain the best talent available.

Article No (4): Principles of Rewards

- a- The Company intends to maintain fairness internally through fairness in rewarding practices consistent with the individual's job, geographic location, and working conditions.
- b- The Company intends to maintain external competitiveness by defining remuneration practices and aligning them with the business sectors of other companies under different geographical conditions.
- c- The company intends to continue to pay bonuses for the performance culture, by appreciating and recognizing the value of each individual's performance and the extent to which they contribute to the growth of the business.

Article No (5): Rewarding Policy

- The Nomination and Rewards Committee shall be concerned with providing recommendations and instructions to the Board regarding rewarding of the members of the Board of Directors, members of the committees emanating

from the Board of Directors and senior executives of the Company, in accordance with the approved policy, taking into account the following:

- a- Its consistency with the company's strategy and objectives.
- b- The remuneration shall be provided for the purpose of motivating the members of the Board of Directors and the executive management to the long-term success and development of the company, and the variable part of the remuneration shall be linked to long-term performance.
- c- The remuneration should be determined based on the level of the job, the tasks and responsibilities assigned to the incumbent, educational qualifications, practical experience, skills and level of performance.
- d- Consistent with the size, nature and degree of risk of the company.
- e- Taking into account practices of other companies in defining the rewards while avoiding the unnecessary increase in remuneration and compensations which may result from that.
- f- To aim at attracting, maintaining and motivating professional competencies, without exaggeration.
- g- Coordination with the Nominations and Remunerations Committee upon affecting new appointments.
- h- Cases of stopping the payment of rewards or returning them if it is determined that they have been paid on basis of inaccurate information presented by member of the board of directors or member of the management or the executive management in order to stop the exploitation the position to obtain undue rewards.
- i- The remuneration shall be calculated until the date of termination of membership. If it is decided to terminate the membership of the member as stipulated in the relevant regulations, this member shall not be entitled to any remuneration for the period following the last meeting he attended. He shall return all remuneration paid to him for that period and the company shall have the right to ask him to return it.
- j- Arranging for awarding shares in the company to members of the board of directors and the executive management whether in form of new issue or shares purchased by the company.

Article No (6): Remunerations of the Members of Board of Directors:

- a- The members of the Board of Directors shall be granted an annual remuneration of (250) thousand Saudi Riyals.
- b- In the event that it is recommended that the remuneration be a certain percentage of the company's profits, the members of the board of directors shall be entitled to (6%) of the net profits, after deducting the reserves decided by the general assembly pursuant to the provisions of the law and the company's articles of association, and after distributing a profit to the shareholders of not less than (5%) of the paid-up capital of the company, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member in accordance with the controls set by the competent authority.

- c- A member of the Board may be granted remuneration for any additional executive, technical, administrative or advisory work or positions assigned to him by the Board and in the interest of the Company under a professional license in addition to the remuneration he receives in his capacity as a member of the Board of Directors or any member of the committees emanating from the Board of Directors in accordance with the Companies Law and the Articles of Association of the Company.

Article No (7): Remuneration of the members of the committees emanating from the Board of Directors

- a- Members of the committees emanating from the Board of Directors shall be granted an annual fee of (150) thousand Riyals.
- b- In the event that a member has more than one committee, his membership fees in all committees shall not exceed (150%) of the total fees.
- c- The Secretary of the Board of Directors shall also be granted an annual fee equivalent to (50%) of the fees of the Board Member.
- d- The Secretary of the Committee shall also be granted an annual fee equivalent to (50%) of the fees of the member of the Committee.
- e- In the event that the secretary of the committees is in more than one committee, all his fees in the committees shall not exceed (50%) of the fees of the member of the committees stipulated in paragraph (b) of this article.

Article No (8): Allowances for attending meetings of the members of the Board of Directors and the committees emanating from it

- a- Each member of the Board shall be paid an amount of (3,000) riyals for each meeting he attends, and the Secretary of the Board shall be paid (50%) of the attendance allowance of the Board member.
- b- Each member of the committees emanating from the Board of Directors shall be paid an amount of (2,000) Riyals for each meeting he attends, and (50%) of the member's attendance allowance shall be paid to the Secretary of the Committee.

Article No (9): Costs of attending meetings held inside the Kingdom of Saudi Arabia

- Each member of the Board, its committees and the Secretary shall be paid an amount of (1.500) riyals for each night if the meeting is outside their residence.

Article No (10): Costs of Attending Meetings Held Outside the Kingdom of Saudi Arabia

- Each member of the Board, its committees and the Secretary shall be paid an amount of (2,500) riyals for each night.

Article No (11): Executive Management:

The compensation and remuneration of the executive management includes the following:

- a- A basic salary (to be paid at the end of the month and on a monthly basis), and allowances including, but not limited to, housing allowance, transportation allowance and what has been agreed upon in employment contracts.

- b- Insurance benefits, including spouse, minor children and parental insurance.
- c- Short-term incentive plans associated with individual and company performance, and long-term incentive plans such as stock options if any.
- d- Other benefits include, but are not limited to, annual leave, annual air tickets for non-Saudis and their spouses and minor children, and end of service gratuity.

Article No (12): Payment of Gratuities

- a- Bonuses shall be paid in Saudi Riyals and payment shall be made through a permanent direct entry in the bank accounts specified by the concerned person.
- b- The remuneration of the Board of Directors and the remuneration of the committees emanating from the Board of Directors, the Secretary of the Board and the Secretary of the Committee shall be paid upon the recommendation of the Nomination and Remuneration Committee and by a decision of the Board of Directors.

Article No (13): The Authority Concerned with this Policy

- a- The Remuneration and Nomination Committee is responsible for periodically reviewing this policy and evaluating its effectiveness in achieving its intended purposes. This policy is a document that can be updated and reviewed in order to respond to changes in labor market conditions and to achieve the growth and expansion of the company.
- b- The Nomination and Remuneration Committee recommends to the Board of Directors the remuneration of the members of the Board of Directors, the committees emanating from the Board and the senior executives of the Company in accordance with the approved policy.

Article No (14) : Final Provisions (Publication and Amendment)

- This policy shall be implemented and adhered to by the Company as of the date of its approval by the General Assembly of Shareholders. It shall also be published on the Company's website to enable shareholders, the public and stakeholders to view it, and shall be amended by the General Assembly of Shareholders upon the recommendation of the Board of Directors.