



شركة مهارة
للموارد البشرية
Maharah Human
Resources Company

Maharah Human Resources Company

Board of Directors Charter

Version No. 2- January 2024

DISCLAIMER: This version is a translation of the original Arabic document, published to enhance the awareness of non-Arabic speakers of this document. Any discrepancies or misinterpretation of any text, clause or article, stated in this version, the text written in the original Arabic document shall prevail.

Document Information:

Document Type	Charter
Document Name	Board of Directors Charter
Approved by:	Approved by the decision of the General Assembly
Approval Date	January 2024
Kept by:	Governance Department
Document Owner	Corporate Communication Department

Document Approval Record:

Version	Approval Date	Description of Inputs and Amendments	Prepared by:	Reviewed by:
Version No. 1	November 20, 2019	New Charter	Governance Department	Reviewed by The Executive Committee and based on the recommendation of the Board of Directors
Version No. 2	January 2024	Amended Charter	Governance Department	Reviewed by The Executive Committee and based on the recommendation of the Board of Directors

Review and Amendment Procedures:

The General Assembly shall have the authority to approve any addition or amendment to this Document based on the recommendation of the Board of Directors. The Governance Department shall be responsible for ensuring that this Policy is subject to the necessary review and approval by the General Assembly.

The Company's authority matrix shall be the basis, upon which amendments to this Document are made.

This Charter shall be reviewed two years as a minimum from the date, on which they are approved. However, the relevant department shall review and update this document if necessary, during those two years.



Table of Contents

DOCUMENT INFORMATION:	ب
DOCUMENT APPROVAL RECORD:	ب
REVIEW AND AMENDMENT PROCEDURES:	ب
DEFINITIONS:	2
PREAMBLE:	3
ARTICLE (1): FORMATION OF THE BOARD OF DIRECTORS:	3
ARTICLE (2): SECRETARY OF THE BOARD OF DIRECTORS	4
ARTICLE (3): RESPONSIBILITIES AND TERMS OF REFERENCE OF THE BOARD OF DIRECTORS:	5
ARTICLE (4): POWERS OF THE BOARD OF DIRECTORS:	7
ARTICLE (5): POWERS DELEGATED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE MANAGING DIRECTOR, AND THE CEO:	7
ARTICLE (6): CONTROLS OF THE BOARD OF DIRECTORS WORK:	7
ARTICLE (7): BOARD OF DIRECTORS MEETINGS:	10
ARTICLE (8): BOARD OF DIRECTORS MINUTES:	10
ARTICLE (9): BOARD OF DIRECTORS' RESOLUTIONS:	10
ARTICLE (10): BOARD OF DIRECTORS' REPORT:	11
ARTICLE (11): FORMATION OF COMMITTEES:	11
ARTICLE (12): TRAINING:	12
ARTICLE (13): EVALUATION:	12
ARTICLE (14): SOCIAL RESPONSIBILITY:	12
ARTICLE (15): DISCLOSURE:	13
ARTICLE (16): CONFLICT OF INTEREST:	13
ARTICLE (17): BOARD OF DIRECTORS REMUNERATIONS AND ALLOWANCES:	14
PUBLICATION AND APPLICABILITY:	14



Definitions:

Subject to the definitions stipulated in the Glossary of Defined Terms Used in The Regulations and Rules of The Capital Market Authority and the Amended Corporate Governance Regulations, the terms and expressions stated below shall have the meaning assigned thereto unless the context requires otherwise.

Company: Maharah Human Resources Company.

Board of Directors: Board of Directors of Maharah Human Resources Company.

Authority: Capital Market Authority.

Companies Law: Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 and Council of Ministers' Resolution No. (678) dated 29/11/1443.

Company's Bylaws: Articles of Association of Maharah Human Resources Company.

Corporate Governance Regulations: Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/05/1438 corresponding to 13/02/2017 based on the Companies Law promulgated by Royal Decree No. M/3 dated 28/01/1437 amended by the decision of the Board of the Capital Market Authority Board Resolution No. 8-5-2023 dated 25/06/1444 corresponding to 18/01/2023 based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443.

General Assembly: The assembly formed by the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Bylaws.

Charter: mean the Board of Directors Charter.

Executive Member: Member of the Board of Directors works full-time in the Company's executive management and participates in its daily work.

Non-Executive Member: A member of the Board of Directors who does not work full-time in the Company's executive management and does not participate in its daily work.

Independent Member: Non-Executive Board Member who enjoys complete independence in his position and decisions, and none of the issues affecting independence stipulated in the Corporate Governance Regulations issued by the Capital Market Authority apply to him.

Chairman: Chairman of the Board of Directors.

Vice Chairman: Vice Chairman of the Board of Directors.

Managing Director: Executive Board Member that participates in the management of the day-to-day operations of the Company based on the bylaws, policies and regulations approved in the Company.

Executive Management/Senior Executives: Persons responsible for managing the daily operations of the Company, proposing and implementing strategies, such as the Company's CEO and the rest of the Company's Executive Management members.

Secretary: Secretary of the Board of Directors.

Auditor: External auditor of the Company's accounts appointed to audit its financial statements and final accounts.

Preamble:

This Charter was developed in order to fulfill the requirements stipulated in Paragraph (C) of Article (34) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

This Charter also aim to organize the work of the Board of Directors by specifying how it carries out its tasks and responsibilities, and specifying its work mechanism in accordance with the Companies Law, its Implementing Regulations of listed joint-stock companies, and the Corporate Governance Regulations issued by the Board of the Capital Market Authority, in addition to the Company's bylaws, all relevant regulatory controls and procedures. In addition, this Charter aim to apply all principles and practices of Corporate Governance.

Article (1): Formation of the Board of Directors:

1. The Company shall be managed by a Board of Directors consisting of (11) Members in accordance with the Company's bylaws, subject to the standards and procedures specified for membership in the Board of Directors.
2. The General Assembly shall elect the Members of the Board of Directors for a period of four (4) years.
3. The majority of the Members of the Board of Directors shall be Non-Executive Members.
4. The number of Independent Members of the Board of Directors shall not be less than (4) members.
5. The Board of Directors shall appoint a Chairman and Vice-Chairman from among its Members. Also, the Board of Directors may appoint a Managing Director.
6. The position of Chairman of the Board of Directors may not be combined with any executive position in the Company, including the position of Managing Director or CEO, even if the Company's bylaws stipulate otherwise.
7. Board membership shall expire upon the expiration of the term of appointment or upon the expiration of the member's authority in accordance with any applicable laws or instructions in effect in the Kingdom and the Company's regulations and policies. However, the General Assembly may, based on a recommendation from the Board of Directors, terminate the membership of any member for failure to attend (absence) (three) consecutive meetings or (five) separate meetings during the term of its membership without a legitimate excuse accepted by the Board of Directors. In this case, the Ordinary General Assembly shall elect a new Board of Directors or a replacement for the dismissed member (as the case may be), in accordance with the provisions of the Companies Law and the Capital Market Regulations.
8. The Board of Directors must call the Ordinary General Assembly to convene sufficiently before the end of its term, to elect a Board of Directors for a new term. If the election is not possible and the current Board's term expires, its members will continue to perform their duties until a Board of Directors is elected for a new term, provided that such period does not exceed (ninety) days from the date of the expiry of the Board's term.



9. If the Chairman and members of the Board of Directors retire, they shall call the Ordinary General Assembly to convene to elect a new Board of Directors, and such retirement shall not take effect until the new Board is elected, provided that the duration of the retiring Board shall not exceed (one hundred and twenty) days from the date of retirement/resignation.
10. A member of the Board of Directors may resign from membership of the Board by virtue of a written notice addressed to the Chairman of the Board. If the Chairman of the Board resigns, such notice shall be addressed to the remaining members and the Secretary of the Board. Retirement shall be effective, in both cases, from the date provided for in the notice.
11. If a member of the Board of Directors resigns, and such member has observations on the company's performance, the member shall submit a written statement of that effect to the Chairman of the Board of Directors, and the statement shall be presented to the members of the Board of Directors.
12. Upon the termination of a member of the Board of Directors membership through one of the termination reasons, the company shall notify the Authority and the Saudi Exchange (Tadawul) immediately with a statement of the reasons for such termination/ dismissal.
13. If the position of a member of the Board of Directors becomes vacant due to its death or retirement, and such vacancy does not result in a violation of the conditions necessary for the validity of the Board's meeting due to a decrease in the number of its members below the minimum stipulated in the Companies Law or the Company's Bylaws, the Board may appoint, temporarily, a member of a sufficient experience to the vacant position, provided that the Board shall inform the Commercial Register, as well as the Capital Market Authority, within (fifteen) days from the date of appointment. The appointment shall also be presented to the Ordinary General Assembly at its first meeting following the appointment. The new member shall complete the term of its predecessor. The Board of Directors may keep the vacant seat until the end of the Board of Directors term or the General Assembly shall be called to appoint a member to the vacant seat.
14. If the necessary conditions are not met for the Board of Directors to convene due to the number of its members being less than the minimum stipulated in the Companies Law or the Company's bylaws, the remaining members shall call the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.
15. The company shall inform the Authority of the names of the members of the Board of Directors and their capacity/positions in the Board within five working days from the date of the start of the Board of Directors term or from the date of their appointment, whichever is earlier, and any changes that occur to their membership within five working days from the date of such changes.

Article (2): Secretary of the Board of Directors

The Board of Directors shall appoint a Secretary from among its Members or from others who holds a relevant university degree and has at least three (3) years of relevant work experience in the works of the secretariat of boards of directors. The

Secretary of the Board of Directors may not be dismissed except by a decision of the Board of Directors. The Secretary's terms of reference and remuneration shall be specified by a decision of the Board of Directors, provided that these terms of reference include the following:

1. Prepare a list of proposed items for the annual meetings of Board of Directors and their expected dates and proposing them to the Chairman for approval, with the participation of the Members of the Board of Directors, from the beginning of the fiscal year;
2. Document the meetings of the Board of Directors, preparing minutes thereof, including the discussions and deliberations, stating the place, date, start and end time of the meeting, documenting the decisions of the Board of Directors and voting results, maintaining them in a special and organized registry, recording the names of the Members present and the reservations they expressed, if any, and signing these minutes by all the Members present and the Secretary;
3. Maintain the reports submitted to the Board of Directors and the reports prepared by it;
4. Provide the Members of the Board of Directors with the agenda of the Board of Directors, work papers, documents and information related thereto, and any additional documents or information requested by any Member of the Board of Directors related to the subjects included in the meeting agenda;
5. Verify that Members of the Board of Directors adhere to the procedures approved by it;
6. Inform the Members of the Board of Directors of the meetings dates of the Board of Directors sufficiently before the specified date;
7. Present draft minutes to Members of the Board of Directors to express their points of views thereon before signing them;
8. Ensure that Members of the Board of Directors fully and promptly obtain a photocopy of the meetings minutes of the Board of Directors and information and documents related to the Company;
9. Coordinate and facilitating communication between Members of the Board of Directors regarding the meetings of the Board of Directors and everything that would facilitate decision-making in the Board of Directors;
10. Organize the disclosures record of the Members of the Board of Directors and Executive Management in accordance with the provisions of Article (89) of the amended Corporate Governance Regulations issued by the Board of the Capital Market Authority;
11. Provide assistance and advice to the Members of the Board of Directors.

Article (3): Responsibilities and Terms of Reference of the Board of Directors:

The Board of Directors shall represent all shareholders, the Board of Directors shall exercise the duties of care and loyalty in managing the Company and everything that may safeguard its interests, develop it, and maximize its value. The Board of Directors shall organize its work and allocate sufficient time to carry out the tasks and responsibilities assigned to it, including preparing for the meetings of the Board of Directors and committees, and ensuring coordination, recording, and



maintaining the minutes of its meetings. The Company's Board of Directors shall also bear responsibility for its work, even if it delegates committees, entities or individuals to exercise some of its terms of reference. In all cases, the Board of Directors may not issue a general or indefinite delegation. Subject to the terms of reference assigned to the General Assembly in the Companies Law and the Company's Bylaws, the Board of Directors shall have the widest-ranging powers in managing the Company and directing its work in a manner that achieves its purposes. The tasks and terms of reference of the Board of Directors shall include the following:

1. Develop plans, policies, strategies, and the main objectives of the Company, supervise their implementation, reviewing them periodically, and ensuring the availability of the necessary human and financial resources to achieve them, including:
 - A. Develop, review and direct the Company's comprehensive strategy, main business plans, and risk management policies and procedures;
 - B. Specify the Company's optimal capital structure, strategies and financial objectives, and approving all types of estimated budgets;
 - C. Supervise the Company's major capital expenditures, and owning and disposing of assets;
 - D. Set the performance objectives and monitoring implementation and overall performance in the Company;
 - E. Periodically review and approve the organizational and functional structures in the Company's;
 - F. Verify the availability of human and financial resources necessary to achieve the Company's objectives and main plans.
2. Develop systems and controls for internal control and supervise them in general, including:
 - A. Develop a written policy to address cases of actual and potential conflicts of interest of Members of the Board of Directors, Executive Management, and shareholders, including misuse of the Company's assets and facilities, and misconduct resulting from dealings with related parties;
 - B. Ensure the validity of financial and accounting systems, including systems related to preparing financial reports;
 - C. Ensure the implementation of appropriate control systems to measure and manage risks, by developing a general perception of the risks that may be faced by the Company, creating an environment characterized by a culture of risk management at the level of the Company and its subsidiaries, and presenting them transparently with stakeholders and parties related to the Company.
 - D. Review the effectiveness of the Company's internal control procedures annually;
3. Prepare clear and specific policies, standards and procedures of membership in the Board of Directors and putting them into effect after approving them by the General Assembly;
4. Develop a written policy that regulates the relationship with stakeholders in accordance with the provisions of the Corporate Governance Regulations;



5. Develop policies and procedures that ensure that the Company adheres to the rules and is committed to disclosing essential information to shareholders and stakeholders, and verifying that the Executive Management adheres to them;
6. Supervise the Company's financial management, cash flows, and financial and credit relationships with others;
7. Develop a clear policy for the method of distributing profits to shareholders;
8. Develop the Company social responsibility policy;
9. Propose to the ordinary and extraordinary General Assembly what it deems appropriate;
10. Prepare the Company's initial and annual financial statements and approving them before publishing them;
11. Prepare and approving the report of the Board of Directors before publishing it;
12. Form specialized committees emanating from it through decisions specifying the duration of the committee, its powers, and responsibilities, and how the Board will monitor it, provided that the formation decision includes nominating the Members and determining their tasks, rights and duties, along with an evaluation of the performance and work of these committees and their members, with the exception of what is related to the Audit Committee;
13. Establish the values and standards that govern work in the Company;
14. Form the Company's Executive Management, organizing the method of its operations, monitoring and supervising it, and verifying its performance of the tasks assigned to it;
15. Establish and implementing the Corporate Governance Regulations.

Article (4): Powers of the Board of Directors:

Taking into account the terms of reference assigned to the General Assembly, the Board of Directors shall have the broadest powers in managing the Company and directing its work to achieve its purposes, in accordance with the powers stipulated in the Company's Bylaws.

Article (5): Powers delegated to the Chairman of the Board of Directors, the Managing Director, and the CEO:

The Board of Directors delegates some of its powers to manage the Company's daily business, in accordance with the powers stipulated in the Company's Bylaws.

Article (6): Controls of the Board of Directors Work:

1. Each Member of the Board of Directors shall adhere to the principles of honesty, trustworthiness, loyalty, care, and concern for the interests of the Company and shareholders and putting them before his personal interests.
2. Each Board Member during the membership shall perform the following tasks and duties:
 - A. Participate in submitting proposals to develop the Company's strategy;
 - B. Participate in monitoring the performance of Executive Management and the extent to which it achieves the Company's goals and objectives;
 - C. Review reports on the Company's performance;



- D. Verify the integrity of the Company's financial statements and information;
- E. Verify the Company's financial control and risk management systems are powerful;
- F. Participate in decision related to the remuneration for members of Executive Management;
- G. Provide opinions related to the Executive Management hiring and dismissal;
- H. Develop a succession and replacement plan for the Company's executive positions;
- I. Comply with the provisions of the Companies Law, its implementing regulations, and the company Bylaws when exercising the duties of his membership in the Board and refraining from performing or participating in any action that constitutes mismanagement of the Company's affairs;
- J. Comply with the provisions of the Companies Law, the Corporate Governance Regulations issued by the Capital Market Authority, and related regulations;
- K. Attend the meetings of the Board of Directors and the General Assembly, and not attending such meetings except with a legitimate excuse notified to the Chairman of the Board in advance or except emergency reasons;
- L. Allocate sufficient time to carry out his responsibilities, preparing for the meetings of the Board of Directors and its committees and participating in the meetings effectively, including asking relevant questions and discussing with the Company's senior executives;
- M. Examine and analyzing information relevant to the issues considered by the Board of Directors before expressing an opinion thereon;
- N. Enable other Members of the Board of Directors to express their opinions freely, and urging the Board to deliberate on issues and seek the opinions of specialists from members of the Company's Executive Management and others if the need arises;
- O. Inform the Board of Directors fully and immediately of any interest it has -whether direct or indirect- in the business and contracts conducted on behalf of the Company, and that such reporting shall include the nature of that interest, its limits, the names of any persons concerned with it, and the benefit expected to be obtained directly or indirectly from that interest, whether that interest is financial or non-financial, and that Member shall not participate in voting on any decision issued in that regard, in accordance with the provisions of the Companies Law and the Capital Market Law and their Implementing Regulations;
- P. Inform the Board of Directors fully and immediately of its direct or indirect participation in any business that would compete with the Company, or of its direct or indirect competition with the Company in one of the branches of the Company's activity, in accordance with the provisions of the Companies Law, the Capital Market Law and their Implementing Regulations;
- Q. Refrain from broadcasting or disclosing any of the Company's secrets to any of the Company's shareholders - unless this is during the General Assembly meetings- or to others, in accordance with what is stipulated in the provisions of the Companies Law and the Capital Market Law and their Implementing Regulations;



- R. Act on the basis of complete information, in good faith, and with due care and attention, in the interest of the Company and all shareholders;
 - S. Being aware of his duties, roles and responsibilities resulting from membership;
 - T. Develop his knowledge in the field of the Company's activities and business and in the relevant financial, commercial and industrial fields;
 - U. To resign from membership in the Board of Directors in the event that he is unable to fully fulfill his duties in the Board.
3. The Chairman of the Board of Directors shall lead the Board and supervise the conduct of its work and the effective performance of its powers. The terms of reference and powers of the Chairman of the Board of Directors shall include, in particular, the following:
- A. Ensure that Board Members receive timely, complete, clear, correct and non-misleading information;
 - B. Ensure that the Board of Directors discusses all key issues in an effective and timely manner;
 - C. Represent the Company before others in accordance with what is stipulated in the Companies Law, its Implementing Regulations, and the Company's Bylaws;
 - D. Encourage Board Members to carry out their duties effectively and in the interest of the Company;
 - E. Ensure the existence of effective communication channels with shareholders and communicating their opinions to the Board of Directors;
 - F. Encourage constructive relations and effective participation among the Board of Directors and Executive Management and among Executive Members, Non-Executive Members and Independent Members, and creating a culture that encourages constructive criticism;
 - G. Prepare the agenda for Board of Directors meetings, taking into account any issue raised by a Board Member or raised by the auditor, and consulting with Board Members and the CEO when preparing the Board agenda;
 - H. Hold periodic meetings with Non-Executive Members of the Board of Directors without the presence of any Executive Member Company;
 - I. Inform the Ordinary General Assembly when it convenes of the business and contracts in which a Member of the Board of Directors has a direct or indirect interest.
4. The Independent Member of the Board of Directors shall participate effectively in performing the following tasks:
- A. Express an independent opinion on strategic issues, Company policies, performance, and appointing members of Executive Management;
 - B. Verify that the interests of the Company and its shareholders are taken into account and presented when any conflict of interest occurs;
 - C. Supervise the development of the Company's governance rules and monitoring the implementation of them by the Executive Management;

Article (7): Board of Directors Meetings:

1. The Board of Directors shall meet at least four (4) meetings per year. The Board of Directors shall hold at least one meeting every three months.
2. The Board of Directors shall meet upon the invitation of its Chairman or the request of one of its members. The invitation to the meeting shall be sent to each Member of the Board at least five (5) days before the date of the meeting, accompanied by the meeting agenda and the necessary documents and information, unless the circumstances require to hold the meeting on an emergency basis, the invitation to the meeting may be sent, accompanied by the agenda, documents and necessary information, within a period of less than five (5) days before the date of the meeting.
3. The Board of Directors approves the agenda when it meets. If any Member objects to this agenda, this shall be recorded in the minutes of the Board of Directors meeting, and every Member of the Board of Directors has the right to propose adding any item to the agenda.
4. A Member of the Board of Directors may delegate other Members to attend Board meetings on his behalf.
 - a) A member of the Board of Directors may not delegate any person from outside the Board of Directors.
 - b) A member of the Board of Directors may not represent more than one member in attending the same meeting.
 - c) The delegation/proxy shall be confirmed in writing, indicating voting rights.
 - d) The representative may not vote on decisions, the voting on which is prohibited by the Law.
5. The meeting will not be valid unless it is attended by at least (6) Members (in person or through a representative).
6. Board meetings can be held in the presence of Members in person or through modern technological means.
7. The Chairman of the Board may invite any of the executive directors or other parties to attend the Board meeting if necessary.
8. Board Members and invitees shall maintain the confidentiality of meetings, documents, and the content of their discussion at meetings.

Article (8): Board of Directors Minutes:

1. The Board's deliberations and decisions shall be recorded in minutes prepared by the Secretary and signed by the Chairman of the meeting, the attending Board of Directors members, and the Secretary.
2. The minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.
3. It is permissible to use modern technological means to sign and document deliberations and decisions and record minutes.

Article (9): Board of Directors' Resolutions:

1. Resolutions of the Company's Board of Directors shall be issued by the majority of votes of Members present, in case of equal vote, the Chairman shall have the casting vote. The Board may issue resolutions on urgent matters by presenting them to the Members separately.

2. The Board of Directors may issue its resolutions on urgent matters by presenting them to all Members by circulation, unless one of the Members requests -in writing- that a Board meeting be held to deliberate on them, these resolutions shall be issued with the approval of the majority of the votes of its members. These resolutions shall be presented to the Board at its first subsequent meeting to be recorded in the minutes of that meeting.
3. Any Member of the Board shall have the right to object to any resolution taken by the Board of Directors or express a different opinion or have reservations about it, provided that this is confirmed in writing and an explanation of the reasons for the objection.

Article (10): Board of Directors' Report:

1. The Board of Directors prepares an annual report that includes an explanation of the Company's operations and performance during the fiscal year. The Chairman of the Board of Directors shall provide shareholders with the Company's financial statements and the Board of Directors' report, after signing them, and the auditor's report, if any, unless published in any modern technology means at least twenty-one (21) days before the date specified for the annual Ordinary General Assembly, the Board of Directors shall also submit these documents in accordance with what the regulations specify.
2. The Board of Directors' report to the Ordinary General Assembly at its annual meeting shall include a comprehensive statement of all that each Member of the Board of Directors received or was entitled to receive during the financial year in terms of bonuses, allowance for attending sessions, allowance for expenses, and other benefits.

Article (11): Formation of Committees:

Considering the terms of reference assigned to the General Assembly, the Board of Directors shall form specialized committees according to the following:

1. The Company's needs, circumstances, and conditions so that it can perform its duties effectively.
2. The formation of committees shall be in accordance with general procedures established by the Board, which include specifying the mission of each committee, the term of its work, the powers granted to it during this term, and how the Board of Directors will monitor it. Each committee shall transparently inform the Board of Directors of the results it reaches or takes, the Board of Directors shall follow up the work of these committees regularly to verify that they are carrying out the work entrusted to them.
3. Each committee shall be responsible for its work before the Board of Directors, without prejudice to the Board's responsibility for those work and for the powers or authorities delegated to it.
4. The number of committee members shall not be less than three (3) and not more than five (5).
5. The Company shall notify the Authority of the names of committee members and their membership positions within five (5) working days from the date of their appointment, and any changes that occur within five (5) days from the date of the changes.
6. The Company may merge the Remuneration Committee and Nominations Committee into one committee called the Remuneration and Nominations Committee. The Remuneration and Nominations Committee must fulfill the

requirements for either of them in accordance with the relevant laws and regulations, provided that the Committee meets periodically at least every six months.

Article (12): Training:

The Company shall pay sufficient attention to training and qualifying Members of the Board of Directors, members of committees and Executive Management, and develop the necessary programs for this, taking into account the following:

1. Prepare programs for the newly appointed Members of the Board of Directors, committee members, and Executive Management to introduce the Company's workflow and activities, especially the following:
 - A. Company strategy and objectives;
 - B. Financial and operational aspects of the Company's activities;
 - C. Obligations, duties, responsibilities, and rights of Board members.
2. Establish the necessary mechanisms for all Members of the Board of Directors, Members of committees, and Executive Management to obtain training programs and courses on an ongoing basis, with the aim of developing their skills and knowledge in areas related to the Company's activities.

Article (13): Evaluation:

1. The Board of Directors -based on the proposal of the Nominations Committee- shall establish the necessary mechanisms to evaluate the performance of the Board, its members, committees, and Executive Management annually, through appropriate performance measurement indicators related to the extent of achieving the Company's strategic objectives, the quality of risk management, the adequacy of internal control systems, and others, provided that the strengths and weaknesses are identified and it is proposed to address them in a manner that is consistent with the company's interest.
2. Performance evaluation procedures shall be written, clear, and disclosed to Members of the Board of Directors and persons concerned with the evaluation.
3. The performance evaluation shall include the skills and experience that the Board of Directors has, its strengths and weaknesses shall be identified, while working to address the weaknesses in possible ways, such as nominating professional competencies who can develop the Board of Directors' performance. The performance evaluation shall also include an evaluation of the Board of Directors' work mechanisms in general.
4. In the individual evaluation of Board members, the extent of the member's effective participation and commitment to performing his duties and responsibilities, including attending Board of Directors' and committee sessions and allocating the necessary time to them shall be taken into account.
5. The Board of Directors shall make the necessary arrangements to obtain an evaluation of its performance from a competent third party every three years.
6. The Non-Executive Members of the Board of Directors shall conduct a periodic evaluation of the performance of the Chairman of the Board after taking the points of views of the Executive Members -without attending the discussion designated for this purpose by the Chairman of the Board- provided that the strengths and weaknesses are identified and it is proposed to address them in a manner that is consistent with the Company's interest.

Article (14): Social Responsibility:

The Board of Directors shall prepare a policy that ensures the establishment of a balance among its objectives and the objectives that the community aspires to achieve for the purpose of developing the social and economic conditions of the community.

Article (15): Disclosure:

1. The Board of Directors shall ensure that the Executive Management uses appropriate disclosure methods that enable shareholders and stakeholders to review information related to the Company's performance and financial situation in an integrated manner, and that this information is comprehensive, accurate, and timely, and that it is presented and updated in a regular and punctual manner to enable shareholders and stakeholders to fully exercise their rights, provided that disclosure is made to all shareholders and investors without discrimination.
2. The Board of Directors shall regulate the disclosure processes for each of its Members and Members of the Executive Management, taking into account the following:
 - A. Prepare a special register of disclosures of Members of the Board of Directors and Executive Management and updating it periodically, in accordance with the disclosures required under the Companies Law and the Capital Market Law and their Implementing Regulations;
 - B. Provide access to the register for the Company's shareholders without financial compensation;

Article (16): Conflict of Interest:

1. The Board of Directors shall establish a clear written policy to deal with actual or potential conflicts of interest cases that could affect the performance of Members of the Board of Directors, members of its committees, the Executive Management, or other employees of the Company when they deal with the Company or with other stakeholders, provided that this policy includes in particular the following:
 - A. Emphasize the Members of the Board of Directors, its committees, major shareholders, senior executives, and other employees of the Company of the need to avoid situations that lead to a conflict of their interests with the interests of the Company, and to deal with them in accordance with the provisions of the Companies Law and the regulations of the Capital Market Authority;
 - B. Provide illustrative examples of conflict-of-interest cases commensurate with the nature of the Company's activity nature;
 - C. Clear procedures for disclosing conflicts of interest in businesses that may give rise to a conflict of interest and obtaining the necessary license or approval;
 - D. Obligation to disclose cases that may lead to a conflict of interest or when this conflict occurs permanently;
 - E. Obligation to refrain from voting or participating in decision-making when there is a conflict of interest;
 - F. Clear procedures when the Company contracts or deals with a related party, provided that this includes informing the Authority and the public without any delay of that contract or dealing, if this contract or dealing is equal to or more than 1% of the Company's total revenues according to the latest audited annual financial statements;
 - G. Procedures taken by the Board of Directors if it discovers a violation of this policy.
2. A Member of the Board of Directors shall:
 - A. Exercise his duties honestly and impartially, not putting his personal interests ahead of the interests of the Company and its shareholders, and not exploiting his position to achieve private interests;



- B. Avoid cases of conflict of interest and inform the Board of conflict cases that may affect its impartiality when considering the issues presented to the Board, the Board of Directors shall not include this Member in the deliberations, and not count his vote in voting on these issues in the meetings of the Board of Directors and shareholders' assemblies.
3. A Member of the Board of Directors is prohibited from exploiting or benefiting, directly or indirectly, from any of the Company's assets, information, or investment opportunities presented to him in his capacity as a Member of the Board of Directors, or presented to the Company, this includes investment opportunities that fall within the Company's activities or that the Company desires to benefit from. The prohibition shall apply to the Board Member who resigns to exploit investment opportunities, directly or indirectly, that the Company desires to benefit from and of which he knew his membership of the Board of Directors.

Article (17): Board of Directors Remunerations and Allowances:

1. A Member of the Board of Directors shall be entitled to an annual remuneration in accordance with the policy of remuneration and allowances for Members of the Board of Directors and committees approved by the General Assembly of shareholders.
2. The Member of the Board of Directors shall be paid an attendance allowance for each Board meeting.
3. At the end of each fiscal year, the Remuneration and Nominations Committee shall recommend paying the Board of Directors an annual remuneration amount.

Publication and Applicability:

1. This Charter shall be effective from the date on which they are approved by the Company's General Assembly, in the event of any conflict between this Charter and the Company's governance guide and policy, the provisions of this Charter shall apply.
2. This Charter shall be subject to periodic review to amend or develop them in line with the relevant laws and regulations. No amendment may be made to them except with a proposal from the Board of Directors, and shall be presented to the Ordinary General Assembly for approval at its earliest meeting.



شركة مهارة
للموارد البشرية
Maharah Human
Resources Company

Maharah Human Resources Company

Audit Committee Charter

Version No. 3 - January 2024

DISCLAIMER: This version is a translation of the original Arabic document, published to enhance the awareness of non-Arabic speakers of this document. Any discrepancies or misinterpretation of any text, clause or article, stated in this version, the text written in the original Arabic document shall prevail.



Document Information:

Document Type	Charter
Document Name	Audit Committee Charter
Approval Department	Approved by resolution of the Extraordinary General Assembly
Approval Date	January 2024
Custodian	Internal Audit Department
Document owner	Governance Department

Document Approval Record:

Issue	Approval date	Description of Inputs and Modifications	Prepared by Department	Review Department
First	November 11, 2018	New Charter	Executive Management	Reviewed by the Audit Committee, based on the recommendation of the Board
Second	May 06, 2019	Revised Charter	Executive Management	Reviewed by the Audit Committee, based on the recommendation of the Board
Third	January 2024	Revised Charter	Governance Department/ Internal Audit Department	Reviewed by the Audit Committee, based on the recommendation of the Board

Review and Modifications Procedures:

The General Assembly has the authority and power to approve any addition or amendment to this document, based on the recommendation of the Board. The Internal Audit Department is responsible for ensuring that this policy is subject to the necessary review and approval by the General Assembly.

The Company's authority matrix shall be the basis upon which amendments to this document are made.

This Charter shall be reviewed at least every two years from the date of its adoption. However, the relevant department shall review and update this document if necessary, during the two years period.

Table Of Contents

Document Information	2
Document Approval Record	2
Review and Modifications Procedures:	2
Definitions:	4
Objectives of the Regulation:	4
Objectives of the Committee:	4
Article (1): Membership:.....	5
Article (2): Remunerations of the Members:.....	6
Article (3): Induction and Training:.....	6
Article (4): Obligations of Committee Members:.....	6
Article (5): Powers and Authorities of the Chairman and the Secretary of the Committee:	7
Article (6): Financial Reports:	8
Article (7): Internal Audit:.....	9
Article (8): Auditor:	9
Article (9): Ensuring of the Compliance:.....	9
Article (10): Monitor the Information Technology and Cybersecurity:	10
Article (11): Risk Management:.....	10
Article (12): Powers of the Audit Committee:.....	10
Article (13): Committee Meetings:	11
Article (14): Arrangements for Providing Remarks	12
Article (15): Conflict between the Audit Committee and the Board:	12
Article (16): The Committee Report:	12
Publication and Applicability:.....	13

Definitions:

The following words and phrases shall have the meanings indicated thereto, unless the otherwise required by the context:

Authority: Capital Market Authority.

Board of Directors: Board of Directors of Maharah Human Resources Company.

The Law: Capital Market Law issued by Royal Decree No. M/30 dated 06/02/1424 AH.

Charter: Audit Committee Charter.

Committee: Audit Committee.

Chairman: Chairman of the Audit Committee.

Member: A member of the Audit Committee (collectively referred to herein as the “Members”).

Independent member: A non-executive member who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 19 of this Charter apply thereto.

General Assembly: An assembly formed by the Company’s shareholders in accordance with the provisions of the Companies Law and the Company’s Bylaws.

Executive Management/ Senior Executives: Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and the remaining members of the Company’s executive management.

Secretary: Secretary of the Audit Committee.

Auditor: The external auditor of the Company appointed to audit its financial statements and final account.

Objectives of the Regulation:

Establish principles and rules for the formation and regulations of the Committee, as it clarifies the rules of the committee’s structure, its membership requirements, the powers, roles and responsibilities entrusted to it, and its working mechanism. The committee also carries out its responsibilities under the amended Corporate Governance Regulations issued by the Capital Market Authority and the Company’s bylaws, in addition to supervising matters related to risk management in the Company.

Objectives of the Committee:

The Committee aims to carry out the following duties:

1. Assist the Board in performing its supervisory responsibilities on the internal control function.
2. Evaluate and verify the level of effectiveness of the internal control system, soundness, integrity, accuracy and reliability of the financial reports.
3. Verify the compliance with the regulations, laws, standards and policies related to the scope of work, duties and responsibilities of the Committee.
4. Ensure the fulfillment, adequacy and independence of internal and external audit work.
5. Verify the Company’s response to the issues identified and found through the activity and work of the Committee.

6. Verify the availability of the appropriate general framework, appropriate policies and tools for managing the Company's risks, reviewing and supervising the Company's risk management processes and reviewing periodic reports thereon.
7. Verify the existence of effective audit processes in subsidiaries.

Article (1): Membership:

An Audit Committee shall be formed by a resolution of the Company's Board, provided that at least one of the members is an independent member to whom no issues affecting independence according to the CMA Corporate Governance Regulation do not apply. The Committee may not include any of the executive members of the Board. The following shall be taken into consideration when forming the Committee:

1. The number of members of the Committee shall not be less than three (3) and shall not exceed five (5). The members shall include a specialist in financial and accounting affairs.
2. The term of membership shall be four (4) years, starting from the date of the beginning of the Board's term or from the Board's resolution to approve the formation of the Committee and ending with the expiry of the Board's term. The Committee may also be re-nominated for another similar term(s).
3. The Chairman of the Committee shall be an independent member and to be appointed as a chairman by Board resolution or the Committee resolution if the Board does not issue the said resolution.
4. The Chairman of the Board shall not be a member of the Committee.
5. The Committee member shall have the competence and qualifications necessary to perform his duties in accordance with the provisions of this Charter.
6. It is not permissible for any person who occupied a position in the executive management of the Company or worked as the Company's auditor during the past two years to be a member of the Committee.
7. The member shall not be engaged in any activity that may violate the Company's conflict of interest policy.
8. A member of the Committee shall not be a member of the Committees of more than five listed joint stock companies at the same time.
9. A member of the Committee may not have a direct or indirect interest in the business or contracts concluded on behalf of the Company, unless approved by the General Assembly.
10. The membership of the Committee shall be terminated in the following events:
 - a) Voluntary resignation from the Committee.
 - b) Expiry of the membership term of the Committee.
 - c) Failure to meet/ fulfill one of the Committee's requirements.
 - d) In the event that a member fails to attend three consecutive meetings or five separate meetings during his term of membership without a legitimate excuse accepted by the Board.
 - e) Dismissal by the Board's resolution for any legitimate reason.
11. The Board may also reappoint an outgoing member for another similar period(s).
12. The Board may accept the resignation of any member of the Committee upon his request.
13. In the event that one of the seats on the Committee becomes vacant, the Board may appoint a member to the vacancy, provided that such appointee possesses the ability, competence, and qualifications stipulated in this Charter.

Article (2): Remunerations of the Members:

1. The General Assembly shall approve a remuneration policy for members of the Board and its Committees, which includes attendance allowances and/or annual remuneration for Committee members in line with the Companies Law and applicable regulations and instructions of the relevant authorities.
2. In the event of the expiration of membership of any member for any of the reasons stipulated in this Charter, its remuneration shall be calculated in proportion to the period spent in the position.
3. The Company shall provide internal or external business class tickets, accommodation and expenses to members residing outside the city where the Committee meetings are held.
4. The relationship of the Committee member with the Company is not subject to the Labor Law, and the remunerations and fees the member receives are not considered as monthly wages. The member shall not be entitled to end-of-service benefit in his capacity as a member of the Committee, regardless if the member is entitled thereto in another capacity.
5. Any remunerations, compensation or benefits disbursed to Committee members shall be disclosed in the Board's annual report submitted to the General Assembly.

Article (3): Induction and Training:

Subject to this Charter and the Company's approved policies, the Company shall:

1. Familiarize the Committee members with the Company's strategic plans and the most important issues related to financial and accounting management, risk management, significant legal issues, compliance programs, operations, code of conduct, main policies, administrative structure, managers, internal auditors, and the external auditors.
2. Provide each new member with copy of the Company's regulations, the executive summary of the Company's business plans, previous internal audit reports (if any), internal audit plans, and other information related to their duties and responsibilities.
3. Given the complex nature of internal audit activities, even the most experienced Committee members may benefit from training courses and should take such into account. New Committee members may need to attend an induction session for more understanding of their role and the process for internal audit reports preparation in order to contribute effectively and in timely manner to the Company.

Article (4): Obligations of Committee Members:

The Committee Members shall adhere to the following:

1. The Company's rules, regulations and policies when exercising their duties, and shall refrain from acting or participating in any action that would harm the Company's interests.
2. Gain awareness on the Committee's duties and responsibilities and shall allocate sufficient time for such duty's accomplishment.
3. Carry out its duties independently and objectively, regardless of any influence, whether internally or externally of the Company.
4. Disclose any conflict of interest in relation to the Company's business or the Committee's tasks.

5. Prepare for and attending meetings, and refraining from absence, except for objective justifications of which the Chairman of the Committee shall be notified in advance.
6. Participate actively in Committee meetings by studying and discussing the topics on the agenda of its meetings.
7. Continuously enhance the knowledge of regulatory developments in the Company's activities.
8. Maintain the confidentiality of information and to limit the use of such information for the purpose of conducting his duties. The member shall not disclose any of that information to any other party, disclose or exploit such information in any way for any purpose whatsoever. The member may not handle/ deal with the media or social media regarding information, or speak on behalf of the Company. The obligation also includes maintaining the confidentiality of this information after the end his membership, and Committee members shall sign and execute the declarations prepared by the Company in this regard.

Article (5): Powers and Authorities of the Chairman and the Secretary of the Committee:

a) Chairman of the Committee

1. Preside over the Committee meetings, calling the Committee to convene, determining the time, date, and location of each Committee meeting and the agenda after the coordination with the Committee members.
2. Present the results of the Committee's work and recommendations to the Board.
3. Prepare the Committee's action plan and projects in coordination with the Committee Secretary, in preparation for submitting it to the Board after its approval by the Committee.
4. Submit periodic reports on the Committee's activities in coordination with the Committee Secretary and presenting them to the Committee for approval, in preparation for submitting them to the Board. The reports shall be accompanied by copies of the minutes of the Committee's meetings.
5. Represent the Committee before the General Assembly, the Board, or any other body, as deemed necessary.
6. Manage the relationship between Committee members, the General Assembly, internal and external auditors.
7. The Chairman of the Committee may appoint one of the Committee members as its deputy for the purposes of chairing the Committee meetings in the event of its absence.
8. In the event that the Chairman of the Committee is absent without appointing one of the Committee members as its deputy, the remaining members of the Committee shall choose a chair for the meeting in accordance with the voting mechanism or by agreement.

b) The Secretary

1. The Committee's Secretary to be appointed and his remuneration determined by the Committee in accordance with the relevant Company's policies, and he may be among its members or others, as it deems fit, or from the Company's management team or a third party to prepare for the Committee's meetings and agenda. The Secretary shall also prepare and record its minutes, and follow up on the implementation of its recommendations, directives, and decisions. If the Committee's Secretary is not a member, he shall have no right to vote.

2. The Committee's Secretary shall maintain the Committee's Regulations and directing the Committee's activities to be implemented in accordance with the Regulations. His activities include for example, but not limited to the following:
 - a. Inform the Committee of amendments to the regulations, as deemed necessary.
 - b. Arrange and follow up on the process of completing the annual self-assessment for Committee members.
 - c. Assist the Chairman of the Committee in creating and preparing agendas for the Committee's meetings and related materials and circulating them to the Committee members at least five (5) working days before the date of the meeting.
 - d. Coordinate with the parties, the presence of which at the meeting is requested by the Committee. Such parties include consultants, legal advisors, auditors, or any other party.
 - e. Circulate the Committee's resolutions to the related parties.
3. Record the important deliberations during the meeting, and upon completion of the discussion of any topic, the secretary shall summarize the recommendations or decisions concluded.
4. Create draft minutes for each meeting of the Committee, to include the meeting date, location present and absent members, a summary of the discussions, and the recommendations and decisions concluded by the Committee. The draft shall be presented to the members of the Committee for approval and shall be shared with members within five (5) working days. The Secretary shall also follow up on the members' comments thereon.
5. In light of the Committee Chairman's guidance, the minutes shall be prepared in its final form and sent to the members signed by the Committee Secretary and Chairman. The members are asked to sign the same, indicating their comments, if any, within ten (10) working days.
6. The Secretary shall provide the Board Secretariat copy of the Committee's meeting minutes immediately after finalizing the members signatures.
7. The Committee's Secretary shall carry out any other duties assigned thereto by the Committee.

Article (6): Financial Reports:

The Committee's responsibilities related to financial reporting include the following:

1. Analyze the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
2. Provide its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
3. Analyzing any important or non-familiar issues contained in the financial reports.
 4. Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.
 5. Examine the accounting estimates in respect of significant matters that are contained in the financial reports.
 6. Examine the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

Article (7): Internal Audit:

The Committee's responsibilities related to internal audit include the following:

1. Examine and reviewing the Company's internal and financial control systems and risk management system.
2. Analyze the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
3. Monitor and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
4. Provide recommendations to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.
5. Ensure that the Internal Audit Department submits a written report on its work and submits it to the Board and the Committee at least quarterly. Such report shall include an assessment of the Company's internal control system and the management's findings and recommendations, and a statement of the actions taken by each department to address the findings and recommendations of the previous audit and any observations thereon, especially in the event of failure to remedy/ address the matter in a timely manner, stating the reasons for that.
6. Ensure that the Internal Audit Department submits a written general report and submits it to the Board and the Committee regarding the audit operations conducted during the financial year and comparing them with the approved plan. The report shall indicate the reasons for any violation or deviation from the plan, if any, during the quarter following the end of the relevant financial year.

Article (8): Auditor:

The Committee's responsibilities related to auditor include the following:

1. Provide recommendations to the Board to nominate, dismiss external auditors, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2. Verify the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
3. Review the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work and provides its opinion thereon.
4. Respond to queries of the Company's external auditor.
5. Review the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.

Article (9): Ensuring of the Compliance:

The Committee's responsibilities related to the ensuring of the compliance include the following:

1. Review the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
2. Ensure the Company's compliance with the relevant laws, regulations, policies and instructions.

3. Review the contracts and Related Party transactions and providing its recommendations to the Board in connection therewith.
4. Report to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the actions that should be taken.

Article (10): Monitor the Information Technology and Cybersecurity:

The Committee's responsibilities related to the monitoring information technology and cybersecurity include the following:

1. Ensure the effectiveness of controls and monitoring systems for the Company's information and cybersecurity system.
2. Examine any relevant findings and recommendations by the external auditor and the internal audit department with management's responses thereto, including the agreed-upon schedule for implementing recommendations on controls and monitoring tools, including mitigating risks related to key controls.
3. Ensure the effectiveness and efficiency of the Company's administrative information systems and other information technology and cybersecurity systems.
4. The Committee, the internal audit department, and the external auditor shall coordinate their audit efforts to ensure adequate coverage of controls and key risk areas related to information technology and cybersecurity.

Article (11): Risk Management:

The Committee's responsibilities related to risk management include the following:

1. Review the risk strategy and policies prepared by the executive management, in proportion to the nature and size of the Company's activities, verifying their implementation and updating them based on the Company's internal and external variables, and submitting the Committee's recommendation to the Board.
2. Ensure the adequacy of the framework used in the Company to manage risks, determining and maintaining an acceptable level of risks to which the Company may be exposed, and ensuring that the Company does not exceed such level.
3. Verify the effectiveness of identifying, evaluating and managing important risks, including the procedures that the Company takes toward the control and management of risks, especially the accuracy and suitability of systems and mechanisms for identifying, measuring and following up on risks to which the Company may be exposed, in order to identify their shortcomings.
4. Supervise the periodic re-assessment of the Company's risk tolerance and exposure (for example, by conducting risk tolerance tests).
5. Review detailed reports on risk exposure and the proposed steps to manage such risks prepared by the Risk Management Department and raise a summary to the Board.
6. Provide the Board with recommendations pertaining to the risk management policies and procedures that establish minimum appropriate monitoring and control, and establish and define risk limits.

Article (12): Powers of the Audit Committee:

In order to perform its duties, the Committee may:

1. Review the Company's records and documents.
2. Request any clarification or statement from the Board members or the Executive Management.

3. Request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company suffers significant losses and damages.
4. Resolve any disagreements between management and the external auditor regarding financial reports and the external auditor's findings.
5. Resolve any disagreements between the Company's departments and the internal auditors regarding their findings and recommendations made by the internal auditors.
6. Ensure the independence of internal and external audit in performing their duties.
7. Submit the Committee's Charter and its amendments to the Board for the purpose of recommending it for the General Assembly's approval.
8. Approve the appointment of qualified consultants to prepare an assessment of the Company's internal control procedures within the period approved by the Committee.
9. The Committee may form a task force from its members for any purpose it deems appropriate and to achieve its goals. The Committee may also grant such task force some of its powers and competencies whenever it deems appropriate, provided that the number of members of any task force is no less than two members.
10. Investigate any activity that falls under its jurisdiction or any subject requested by the Board, the Shareholders' Assembly, or the external auditor.
11. Seek legal and technical consultancy from any external or consulting party, as deemed necessary, to assist the Committee in performing its duties.
12. The Committee authorizes the Chairman to work on its behalf in resolving urgent matters related to internal audit work, to ensure addressing such matters in a timely and appropriate manner. The Chairman shall inform the members of the Committee at the following meeting of the actions and decisions taken to address such matters. The Chairman also has the authority to act on important matters to ensure that the Internal Audit Department is able to carry out its responsibilities independently and in a timely manner.

Article (13): Committee Meetings:

1. The Committee shall convene periodically, at least four times per year.
2. The Committee shall convene periodically and individually with the Company's external auditor and internal auditors.
3. The Committee shall convene upon the request of at least two members or the request of the internal auditor. The external auditor may call for a meeting with Committee, as deemed necessary.
4. Requesting -when deemed necessary- the attendance of advisory members (whether from management or others) is proposed and indicated in the meeting agendas that are circulated prior to the meetings. The request shall be approved by the Chairman of the Committee before the meeting.
5. The invitation to attend the Committee meetings shall be addressed in writing by the Chairman of the Committee, its nominee from the Committee members or its Secretary. The Committee members shall also be provided with the meeting agenda, presentations and necessary documents at least five (5) working days before the meeting.
6. Minutes of the Committee's meetings shall be prepared within five (5) working days from the date of the meeting, and shall include a summary of its discussions, recommendations, directions, and decisions.

7. Committee meetings shall be scheduled in advance, before the beginning of the year, on an annual basis for the entire year, as part of the annual schedule of meetings of the Company's Board and its Committees.
8. In the event that the member is unable to attend the Committee meeting in person, sufficient effort shall be made to enable the member to attend through the use of contemporary means of communication. In this case, the member's attendance shall be considered as attendance in person.
9. In the event that the member is unable to attend in person, the member may delegate/ appoint another member of the Committee to attend on its behalf. A Committee member may not represent more than one member in attending the same meeting.
10. All members of the Committee shall have equal votes, and the Committee's resolutions shall be issued by a majority of the votes of the members present and represented therein. In the event of a tie, the Chairman shall have the casting vote.
11. Each member of the Committee shall disclose any conflict of interest regarding any subject raised in the Committee, and shall abstain from voting on any decisions relating thereto.
12. If a member of the Committee has reservations regarding any item in the minutes of the meeting, the member may record its reservation in the minutes.
13. Some Committee resolutions may be taken by circulation in emergency cases and on a limited basis. Any member may request to discuss the decision before its enforcement, either by telephone or in person. If any member has a reservation regarding the decision, the member is entitled to record its reservations in the decision document, and such resolutions by circulation shall not be effective unless approved by consensus.
14. The Board shall follow up on the work and performance of the Committee through its Chairman and through periodic reports submitted thereto.
15. No Board member or member of the Executive Management who is not a member of the Committee is entitled to attend its meetings, unless its opinion or advice is requested by the Committee.

Article (14): Arrangements for Providing Remarks

The Committee shall develop a mechanism that allows the Company's employees to confidentially provide their remarks in respect of any violation of the financial reports, internal control systems, or others. The Committee shall ensure that such mechanism is implemented through conducting an adequate independent investigation commensurate with the size of the error or violation and adopting appropriate follow-up procedures.

Article (15): Conflict between the Audit Committee and the Board:

If a conflict arises between the recommendations of the Committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

Article (16): The Committee Report:

The Committee shall issue an annual report to include a comprehensive summary of its work, performance, most prominent achievements, and how it performed its competencies and duties in light of the requirements, standards, and specifications required by the laws and regulations for the

contents of this report and its requirements, and as required by professional and best practices, provided that the report includes its recommendations and opinion on the adequacy of the internal control, financial systems and risk management in the Company. The report shall be prepared for the purpose of presentation to the Shareholders Assembly in accordance with the Companies Law or any other regulations issued by the competent legislative authorities and best practices in this regard.

Publication and Applicability:

1. This Charter shall be effective from the date of their approval by the General Assembly of the Company. In the event of any conflict between this Charter and the Company's Governance Manual and Policy, the provisions of this Charter shall prevail.
2. This Charter shall be subject to periodic review for necessary amendments or further development in line with the relevant laws and regulations. No amendment shall be made, unless based on the recommendations of the Board and proposed by the Committee, provided that they are presented to the Ordinary General Assembly for approval in its following meeting.



شركة مهارة
للموارد البشرية
Maharah Human
Resources Company

Maharah Human Resources Company

Nominations and Remuneration Committee Charter

Version No. 3 - January 2024

DISCLAIMER: This version is a translation of the original Arabic document, published to enhance the awareness of non-Arabic speakers of this document. Any discrepancies or misinterpretation of any text, clause or article, stated in this version, the text written in the original Arabic document shall prevail.



Document Information:

Document Type	Charter
Document Name	Nominations and Remuneration Committee Charter
Approved by:	Approved by the Extraordinary General Assembly
Approval Date	January 2024
Kept by:	Governance Department
Document Owner	Governance Department

Document Approval Record:

Version	Approval Date	Description of Inputs and Amendments	Prepared by:	Reviewed by:
Version No. 1	November 1, 2018 G	New Charter	Executive Management - Governance Department	Reviewed by the NRC and based on the recommendation of the Board of Directors
Version No. 2	March 13, 2019 G	Amended Charter	Executive Management - Governance Department	Reviewed by the NRC and based on the recommendation of the Board of Directors
Version No. 3	January 2023 G	Amended Charter	Executive Management - Governance Department	Reviewed by the NRC and based on the recommendation of the Board of Directors

Review and Amendment Procedures:

The General Assembly shall have the authority to approve any addition or amendment to this Document based on the recommendation of the Board of Directors. The Governance Department shall be responsible for ensuring that this Charter is subject to the necessary review and approval by the General Assembly.

The Company's authority matrix shall be the basis, upon which amendments to this Document are made.

This Charter shall be reviewed two years as a minimum from the date, on which they are approved. However, the relevant department shall review and update this Document if necessary, during those two years.



Table of Contents

DOCUMENT INFORMATION:.....	ج
REVIEW AND AMENDMENT PROCEDURES:	ج
DEFINITIONS:.....	2
PURPOSE OF THIS CHARTER:.....	3
ARTICLE (1): FORMATION OF THE NOMINATIONS AND REMUNERATION COMMITTEE:	3
ARTICLE (2): SECRETARY OF THE NOMINATIONS AND REMUNERATION COMMITTEE:.....	4
ARTICLE (3): REMUNERATION FOR MEMBERS OF THE NOMINATIONS AND REMUNERATION COMMITTEE:	4
ARTICLE (4): REMUNERATION AND NOMINATIONS COMMITTEE MEETINGS:	4
ARTICLE (5): QUORUM OF COMMITTEE MEETINGS:.....	5
ARTICLE (6): INVITATION TO HOLD COMMITTEE MEETINGS:	5
ARTICLE (7): ATTENDANCE AT MEETINGS:	5
ARTICLE (8): MINUTES OF THE MEETING:.....	5
ARTICLE (9): RESOLUTIONS OF THE NOMINATIONS AND REMUNERATION COMMITTEE:.....	5
ARTICLE (10): GENERAL ASSEMBLY OF SHAREHOLDERS:	6
ARTICLE (11): NOMINATION PROCEDURES:	6
ARTICLE (12): COMPETENCIES AND SCOPE OF WORK OF THE NOMINATIONS AND REMUNERATION COMMITTEE:.....	6
ARTICLE (13): DUTIES AND POWERS OF MEMBERS OF THE NOMINATIONS AND REMUNERATION COMMITTEE:.....	7
ARTICLE (14): CONCLUSIONS OF THE NOMINATIONS AND REMUNERATION COMMITTEE'S WORK, RESOLUTIONS AND RECOMMENDATIONS:.....	8
PUBLICATION AND ACCESSIBILITY:	8



Definitions:

The following terms and expressions, wherever they are stated in this Charter, shall have the meanings assigned thereto unless the context requires otherwise:

Authority: means the Capital Market Authority.

Board of Directors: means the Board of Directors of Maharah Human Resources Company.

Law: means the Financial Market Law issued by Royal Decree No. M/30 dated 02/06/1424 AH.

Company: means Maharah Human Resources Company.

Charter: means the Nominations and Remuneration Committee Charter.

Committee: means the Nominations and Remuneration Committee.

Chairman: means the Chairman of the Nominations and Remuneration Committee.

Vice Chairman: means the Vice Chairman of the Nominations and Remuneration Committee.

Member: A member of the Nominations and Remuneration Committee, and the Committee Members are collectively referred to as "Members."

Independent Member: means the Non-Executive Board Member who enjoys complete independence in his position and decisions, and none of the issues affecting independence stipulated in the Article (19) of Corporate Governance Regulations issued by the Capital Market Authority apply to him.

General Assembly: means the assembly formed by the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Bylaws.

Executive Management/Senior Executives: means the person(s) responsible for managing the daily operations of the Company, proposing and implementing strategies, such as the Company's CEO and the rest of the Company's Executive Management members.

Secretary: means the Secretary of the Nominations and Remuneration Committee.

Minute(s): means Minutes of Meeting.



Purpose of this Charter:

The purpose of this Charter is to organize the Committee's work controls and procedures, its duties, the rules for selecting its members, the term of their membership, and their remuneration, in accordance with the provisions of Chapters Three and Chapters Four of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-5-2023) dated 25 /06/1444 AH corresponding to 18/01/2023 AD.

Article (1): Formation of the Nominations and Remuneration Committee:

1. A Nominations and Remuneration Committee shall be formed by a resolution of the Board of Directors, the number of whose members shall be not less than (3) three members and not more than (5) five members who are not members of the Executive Board of Directors, provided that at least one of them is an Independent Member of the Board of Directors.
2. By resolution of the Board, a Chairman of the Committee shall be appointed from among the Independent Members of the Board of Directors. If this appointment is not made by the Board, the members of the Committee shall nominate from among themselves a Chairman of the Committee at the first meeting of the Committee, provided that the Chairman shall be one of the Independent Members of the Board of Directors.
3. The term of membership in the Nominations and Remuneration Committee shall be four years, starting from the beginning of the Board term until the end of the Board term. The term may be extended for an additional period, provided that the Members continue to meet the standards for membership in the Committee.
4. The Committee member shall have the relevant competence and qualifications, and the Members of the Nominations and Remuneration Committee shall be selected, nominated and dismissed in accordance with the policy and procedures for membership in the Board of Directors.
5. Membership in the Nominations and Remuneration Committee shall ends, in one of the following cases:
 - A. A resolution to remove or replace the Member issued by the Board of Directors;
 - B. The Member resigns by virtue of a letter of resignation submitted to the Chairman and Secretary of the Committee;
 - C. If the Member dies or loses his eligibility or the necessary requirements for Committee membership;
 - D. The Member fails to attend three (3) consecutive meetings or five (5) non-consecutive meetings during the term of his membership without a legitimate excuse accepted by the Board of Directors.
6. The Board of Directors shall appoint a member of the Committee -if a position in the Committee becomes vacant for any of the above-mentioned cases- from who has the competency and requirements necessary for membership. The Company shall notify the Authority of any change in the membership of the Committee in accordance with the statutory terms specified in the relevant regulations.
- 7.



Article (2): Secretary of the Nominations and Remuneration Committee:

1. The Secretary of the Board of Directors, his representative, or whomever the Committee deems appropriate shall serve as the Secretary of the Nominations and Remuneration Committee.
2. The Secretary of the Nominations and Remuneration Committee shall undertake the procedures for all meetings of the Nominations and Remuneration Committee, including the following:
 - A. Coordinate with the Chairman of the Committee in preparing annual meeting schedules and agendas that will be discussed.
 - B. Present the meeting agendas to the Committee Members and taking their suggestions, if the Member desires to add an agenda(s) to the meeting.
 - C. Coordinate with the Chairman of Committee to determine the place and date of the Committee meeting, and ensure that sufficient time is given to discuss all the agendas.
 - D. Send meeting schedules and presentations to Committee members sufficiently before the Committee meeting;
 - E. Record the Committee's discussions, deliberations, and resolutions in a minutes, in which, the date and place of the meeting, as well as the names of those present and absent, are recorded and presented to the members for approval.
 - F. The Secretary shall prepare the final minutes of the meeting. The minutes shall be signed by the Secretary of the Committee and the Chairman of the Committee. The Members shall be requested to complete the signature and state their comments, if any, within the specified period.
3. The Secretary of the Nominations and Remuneration Committee shall prepare the necessary resolutions, directives and letters as specified by the Committee which shall be sent to relevant parties such as the Company's management, and shall be followed up with until implemented them.

Article (3): Remuneration for members of the Nominations and Remuneration Committee:

Each member of the committee shall be paid annual remuneration and an allowance for attending Committee meetings in accordance with the remuneration policy for Members of the Board of Directors and the emerging committees approved by the General Assembly of the Company based on the recommendation of the Board of Directors and in line with the Companies Law and the applicable regulations and instructions from the relevant authorities.

Article (4): Remuneration and Nominations Committee Meetings:

The Remuneration and Nominations Committee shall hold a meeting periodically, provided that the committee's meetings shall not be less than four (4) meetings during the Company's fiscal year, or whenever it deems necessary.



Article (5): Quorum of Committee Meetings:

The quorum required to hold meetings of the Nominations and Remunerations Committee shall be attending by a majority of the Members. The duly held meeting of the Nominations and Remunerations Committee in which a quorum is present shall be competent to exercise all or any of the powers and discretions authorized or exercisable by the Nominations and Remunerations Committee.

Article (6): Invitation to Hold Committee Meetings:

1. The invitation to hold Committee meetings shall be sent by the Committee Secretary upon the request of the Chairman of Committee.
2. The Secretary of the Committee shall send the details of the place and time of the meeting, the agenda, and any documents necessary to review them before the meeting to the Members of the Committee at least a week before it is held. Also, the Secretary of the Committee shall coordinate the attendance of any other parties to the Committee meeting, as the case may be.

Article (7): Attendance at Meetings:

1. Committee members may attend meetings in-person at the place specified for each meeting, or using modern technology as needed, after obtaining approval by the Chairman of Committee.
2. The Chairman of the Committee may invite any of the executive directors or other parties to attend the Committee meeting if necessary.

Article (8): Minutes of the Meeting:

1. The Secretary of the Nominations and Remuneration Committee shall document the proceedings and resolutions of all Committee meetings, including recording the names of the attendees.
2. The draft minutes of the Committee's meetings shall be circulated to all members of the Committee. After approving and signing by the members, the Secretary of the Committee shall inform the relevant parties of the Committee's resolutions and recommendations concerning them, unless it is inappropriate to do so.
3. All minutes of meetings shall remain confidential and may only be disclosed to the Board.

Article (9): Resolutions of the Nominations and Remuneration Committee:

All Committee resolutions shall be taken with the approval of the majority of votes represented at the meeting, and in the event of a tie, the vote of the Chairman of the meeting shall prevail.



Article (10): General Assembly of Shareholders:

The Chairman of the Nominations and Remuneration Committee shall attend the General Assembly of Shareholders to answer questions asked by shareholders about the activities of the Committee, to the extent that does not expose the interest of the Company to harm.

Article (11): Nomination Procedures:

1. When nominating Members of the Board of Directors, the Nominations and Remuneration Committee shall take into consideration the terms and conditions stated in this Charter, the policy and procedures for membership in the Board of Directors and its committees, and the requirements established by the Authority.
2. The Committee seeks that the number of candidates for the Board of Directors whose names are presented to the General Assembly exceeds the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.

Article (12): Competencies and Scope of Work of the Nominations and Remuneration Committee:

A. Regarding remuneration:

1. Prepare a clear policy for remuneration of the Board of Directors and the committees emanating from the Board and Executive Management, and present such policy to the Board of Directors in preparation for its approval by the General Assembly, provided that such policy follows standards linked to performance, disclosing, and ensuring implementation of such policy;
2. Clarify the relation between the remuneration granted and the applicable remuneration policy, and indicating any material deviation from such policy;
3. Periodically reviewing the remuneration policy, and evaluating its effectiveness in achieving the intended objectives and its consistency with the Company's strategy and objectives;
4. Recommend to the Board of Directors the remuneration of members of the Board of Directors, its committees, and the Company's senior executives in accordance with the approved policy.

B. Regarding nominations:

1. Suggest clear policies and standards for membership in the Board of Directors and executive management;
2. Recommend to the Board of Directors to nominate and re-nominate Members in accordance with the approved policies and standards, taking into account not to nominate anyone who has previously been convicted of a crime involving moral turpitude or dishonesty;
3. Prepare a description of the competencies and qualifications required for membership in the Board of Directors and occupying executive management positions;
4. Determine the amount of time that a Member shall assign to the activities of the Board of Directors;
5. Annually reviewing the necessary skills or experience needed for membership in the Board of Directors and executive management positions;



6. Review the structure of the Board of Directors and Executive Management and provide recommendations regarding changes that shall be made to such structure;
7. Verify annually the independence of independent members, and the absence of any conflict of interest if the member holds a membership in the Board of Directors of another company;
8. Develop job descriptions for executive Members, Non-Executive Members, Independent Members and Senior Executives;
9. Establish special procedures in the event that the position of a Member of the Board of Directors or a senior executive becomes vacant;
10. Identify the weaknesses and strengths of the Board of Directors, and propose solutions to address them in a manner consistent with the interest of the Company, through a policy of evaluating the suitability of Board Members.
11. Provide the necessary training for new Members of the Board of Directors, and develop the necessary mechanisms and programs for Members of the current Board of Directors and Executive Management with the aim of developing their skills in accordance with the Company's strategy and activities.

Article (13): Duties and Powers of Members of the Nominations and Remuneration Committee:

1. Regularly attending the Committee's meetings and actively participating in its activities, in case of the member's absence from a Committee meeting, the member shall notify the Chairman of the Committee in writing thereof;
2. Maintain the company's secrets, a Committee Member may not disclose to shareholders or to others the Company's secrets that are known by virtue of member work, otherwise the member shall be replaced, in addition to being held accountable for compensation for the damage that may result from such action;
3. Exercise due diligence in carrying out the duties assigned to the members, and be well informed with recent developments related to the Company's business;
4. being fair, carrying out his/her duties with integrity, honesty, objectivity, and independence, being free from personal interests, not subjecting his/her judgment to the opinions of others, and not disclosing information that is not true;
5. The Committee has the right to review and investigate the company's records and documents that fall within its jurisdiction, or clarification or statement requested from it in particular by the Board of Directors;
6. The Committee has the right to seek assistance from legal or technical advisors whenever required and the Committee deems it important, in order to assist it in performing its tasks;
7. The Committee may form a work team from it for any purpose it deems appropriate and to achieve its objectives. It is also entitled to grant the work team emanating from it some of its powers and authorities whenever it deems appropriate, provided that the number of members of any work team shall not be less than two members.



Article (14): Conclusions of the Nominations and Remuneration Committee's Work, Resolutions and Recommendations:

1. The Committee shall inform the Board of Directors of the results it undertakes, reaches, or takes in absolute transparency. The Committee shall provide the Members of the Board of Directors with a copy of the minutes of its meetings and resolutions as they are completed.
2. The Board of Directors shall periodically follow up the work of the committee to verify that it is carrying out the work entrusted to it.

Publication and Accessibility:

1. This Charter shall be effective from the date, on which they are approved by the Company's General Assembly. In the event of any conflict among this Charter and the Company's governance guide and policy, the provisions of this Charter shall apply.
2. This Charter shall be subject to periodic review in order to amend or develop it in line with the relevant laws and regulations. No amendment may be made to it except under the recommendation of the Board of Directors and based on a proposal by the Committee. It shall be presented to the Ordinary General Assembly for approval at its earliest meeting.