



Middle East Paper Company

**Nomination & Remuneration Committee
Charter**

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Abbreviations

Acronyms	Full Form
AoA	Articles of Association
BoD	Board of Directors
CEO	Chief Executive Officer
CGR	Corporate Governance Regulations
CL	Companies Law
CMA	Capital Market Authority
DOA	Delegation of Authority
IRCL	Implementing Regulation of the Companies Law for Listed Joint Stock Companies
MEPCO	Middle East Paper Company
NRC	Nomination & Remuneration Committee

Definitions

Words	Definition
Articles of Association/ Bylaws	The Articles of Association of the Middle East Paper Company
Authority	Capital Market Authority
Board or Board of Directors	Board of Directors of the Middle East Paper Company
Business Day	A business day in the Kingdom according to official working days of the Authority.
Charter	The Nomination & Remuneration Committee Charter
Committee	Nomination & Remuneration Committee of MEPCO
Company or MEPCO	Middle East Paper Company and all its subsidiaries
Companies Law	Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH and its amendments
Competent Authority	Any regulatory, governmental, supervisory, and semi-governmental bodies or agencies within the Kingdom of Saudi Arabia or any other jurisdiction where the Company or its subsidiaries operate, that have legal authority over the Company's operations, governance, financial reporting, and commercial conduct. This includes, but not limited to, CMA, Ministry of Commerce, GOSI, Ministry of Human Resource and Social Development, Zakat, Tax and & Custom Authority etc.
Conflict of Interest	Conflict of Interest is a situation where an individual's personal interests could potentially interfere with their professional duties and responsibilities. This can occur when a person has competing interests or loyalties that could influence their judgment or actions in a way that is not in the best interest of the Company
Corporate Governance	Rules to lead and guide the Company that includes mechanisms to regulate the various relationships between the Board, Executive Management, shareholders and Stakeholders, by establishing rules and procedures to facilitate the decision-making process and add transparency and credibility to it with the objective of protecting the rights of shareholders and Stakeholders and achieving fairness, competitiveness and transparency on the Exchange and the business environment
Corporate Governance Regulations	The Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. 8162017 dated 16/05/1438H corresponding to 13/02/2017G and its amendments

Words	Definition
Executive Director	A member of the Board who is a full-time member of the Executive Management team of MEPCO and participates in its daily activities. ¹
Executive Management / Senior Executives / C-Suite	Persons responsible for managing the daily operations of MEPCO, proposing and executing strategic decisions, such as the CEO and his/her direct reporters.
General Assembly/ Assembly	An assembly of the Company's shareholders duly convened in accordance with the provisions of the Companies Law and its implementing regulations and the Company's AoA.
Independent Director	A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the issues affecting independence stipulated in CGR apply to him/her.
Member	Member of the NRC, which all together shall be referred to as 'Members'.
Non-Executive Director	A member of the Board who is not a full-time member of the Executive Management team of the Company and/or does not participate in its daily activities.
Secretary	Secretary of the Nomination & Remuneration Committee.

The definitions and terms in the relevant laws and regulations issued by the Competent Authorities shall apply to any words or phrases not defined in this Charter.

¹ CGR Article 1.

1. Introduction

This Charter outlines the Committee's formation, roles, and responsibilities, reflecting MEPCO's commitment to upholding industry leading practices, promoting transparency, and ensuring effective governance. It serves as a guiding framework for the NRC in discharging its duties and supporting the Board in fulfilling its oversight responsibilities.

1.1. Scope

This Charter applies to the Members of Nomination & Remuneration Committee.

1.2. Objectives

This Committee aims to assist the Board of Directors in performing its oversight responsibilities in nominating and remunerating members of the Board of Directors and Executive Management, supports governance and ensuring the integrity of the Company's rewards, benefits, incentives and salaries strategy.

1.3. Custodian

It is the responsibility of the Committee to own and maintain the Committee Charter through its Secretary and ensure its adequacy to cater with the changes in business conditions and regulatory requirements.

This Charter shall be implemented in a manner that does not contradict the provisions of the Company's AoA. This Charter is valid and can be implemented only following its approval by the General Assembly.

The Secretary shall periodically review and update the Charter, in consultation with the GRC department, to ensure that it is relevant and aligned to applicable laws & regulations. The Charter shall be reviewed once every four (4) years or more frequently if deemed necessary.

2. Composition of the Committee

1. The Board of Directors shall form the Nomination & Remuneration Committee by resolution.²
2. The Committee shall consist of at least three and not more than five Non-Executive Director, with at least one Independent Director.³
3. Persons other than members of the Board may participate in the membership of the Committee, whether they are shareholders or others.
4. The Chair of the Board shall not be appointed as the Chair of this Committee.⁴
5. The Committee Members, individually or collectively, are expected to possess the following skillsets:
 - a. Leadership experience in a reputed entity/organization.
 - b. Working experience in nomination & remuneration function, or committee member of a reputed entity/organization.
 - c. Relevant qualifications in the field of HR.
6. When nominating for membership to the Committee, Conflict of Interest shall be avoided.
7. The CEO or any of the Executive Management is prohibited from being Members of the Committee.

2.1 Term of the Committee and Conditions

1. The term of the Committee shall be four (4) years, starting from the Board's resolution to form the Committee and ending with the end of the Company's Board term.

² Article 57(a) and 61(a) - CGR

³ Article 47 (4), 57(a) and 61(a) - CGR.

⁴ Article 48(b) - CGR

2. Committee Members can be re-appointed upon expiry of their term through a Board resolution.
3. Independence from the Company's Executive Management and familiarity with the Company's objectives, policies, nature of work and administrative systems.
4. Members nominated for Committee membership must have the necessary experience to undertake tasks related to the Committee's objectives.
5. The Member of the Committee shall not be related to the Executive Management of the Company and shall avoid any relationship that may affect his/her independence.

2.2 Termination of the Committee

1. The membership of the Committee ends with the end of the membership term of the Board of Directors, and the Members of the Committee may be re-selected for other terms of membership.
2. The Committee membership be terminated if by a resolution from the Board or due to death or accepted resignation or any reason if he/ she ceases to be a member of the Board.
3. A resolution from the Board may also terminate the membership due to Member's absence from attendance for three (3) consecutive meetings or health conditions that requires Member's removal from membership.
4. Upon termination of membership of the Committee Member, the Board appoints a replacement who will complete the terminated Member's term.
5. The office of a Member of the Committee shall be vacated:
 - a. If the Member holding it resigns his/her office or dies.
 - b. If the Member at any time has been bankrupt or insolvent.
 - c. If the Member has been absent from three (3) consecutive meetings of the Committee or from all such meetings for a continuous period of six (6) months, whichever is longer, without leave of absence from the Committee without good cause.
 - d. If the Member incurs any of the disqualifications stipulated by the Competent Authority.
6. Any Committee Member may resign upon giving written notice to the Chair of the Committee and the Chair of the Board. The resignation shall be effective at the time such notice is given (unless the notice specifies a later time for the effectiveness of the resignation).

3. Induction and Orientation of the Committee Members

The Secretary oversees the orientation program for new Members of the Committee to ensure they receive a comprehensive introduction to the Company.

The program shall include the following:

1. Introduction to MEPCO and its subsidiaries, including key business operations and strategic objectives.
2. Overview of the NRC Charter, detailing its roles, responsibilities, including compliance with applicable regulations and governance best practices.
3. Key strategic and ongoing initiatives related to nomination, remuneration, and talent management.
4. Key areas overseen by the NRC, such as:
 - a. Board and Executive Management nominations
 - b. Succession planning and leadership development

- c. Compensation and benefits frameworks
- d. Performance evaluation
- e. Diversity, equity, and inclusion (DEI) policies
5. Employee engagement and workplace safety
6. Review of past Committee decisions, including resolutions and meeting minutes.
7. Current state of open action points for the NRC's review and consideration.
8. Key documents monitored by the NRC, including:
 - a. Remuneration and compensation policies
 - b. Performance evaluation criteria
 - c. Succession planning frameworks
 - d. Workforce diversity and sustainability policies

4. Authority of Nomination & Remuneration Committee

1. The Committee is authorised to deal with, and recommend on, matters falling within the scope of its purpose and duties as set out in this Charter, DOA and related matters that may be delegated by the Board to the Committee from time to time. In carrying out its responsibilities, the Committee may seek assistance from any experts or specialists, whether internal or external.
2. The Committee shall have the necessary authority to perform its duties and responsibilities. In particular, the Committee shall have the authority to:
 - a. Seek any information or explanation it requires from any employee of the Company to perform its duties.
 - b. Investigate any matter brought to its attention within its mandate and have the right to review all data, information and records relating to MEPCO's remuneration, compensation, and administrative succession reports of the Executive Management.
 - c. Request any employee of the Company to meet the Committee or provide other assistance to the Committee in discharge of its duties.
 - d. Assign, wherever necessary, to one of its Member's or request one of the Company's employees to research and study the subject matter before it and provide the Committee with the results of the study.
 - e. Seek independent legal or professional advice, at the Company's expense, where it considers it necessary to carry out its duties.

5. Responsibilities, Functions and Duties of the Committee

The Committee has been created to assist the Board to discharge its oversight roles, nominate Board Members and Executive Management, ensure the integrity of the remunerations, benefits, incentives, and salaries strategy. Further, the Nomination & Remuneration Committee is responsible for overseeing nomination, succession planning, remuneration, and performance evaluation processes for the Board of Directors, Executive Management, and key employees. The Committee shall ensure that these processes align with MEPCO's corporate governance framework, regulatory requirements, and strategic objectives.

5.1 Nomination of the Board and Executive Management

1. Recommend to the Board clear policies and criteria for the membership of the Board, Committees, and Executive Management.

2. Evaluate, review, and propose candidates for Board membership, Board Committees and Executive Management positions in accordance with the Selection Policy for Board Members and Executives.
3. Evaluate, recommend, and periodically update, the nomination or re-nomination criteria and policies for membership of the Board, Committees and for the Executive Management. This is subject to the consideration that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
4. Ensure the availability of job descriptions for Executive, Non-Executive, and Independent Directors, as well as Executive Management positions.
5. Conduct an annual review of skills, expertise, and qualifications necessary for Board and Executive Management positions.
6. Determine the time that a member of the Board should allocate for the work of the Board of Directors.
7. Review structure of the Board of Directors and Executive Management and making recommendations regarding changes that can be made.
8. Annual verification of the independence of the independent members, and the absence of any Conflict of Interest if the member is a member of the board of directors of another company.
9. Develop special procedures in the event of a vacancy in the position of a member of the Board of Directors or Executive Management.
10. Determining the strengths and weaknesses of the Board of Directors and proposing solutions to address them in line with the interest of the Company.
11. Assess the overall composition of the Board, considering diversity, experience, and strategic needs.
12. Recommend and oversee an external Board evaluation every four (4) years to assess the effectiveness of the Board and its Committees.
13. Review, recommend, and approve appointments for certain Executive Management positions as per the Delegation of Authority (DoA).

5.2 Members Training and Development

1. Develop and oversee an induction program for new Board and its committees' members, ensuring they understand MEPCO's governance framework and strategic priorities.
2. Periodically review and update the Board and its committees' training and development programs.
3. Implement a continuing education program for Board Members and Senior Executives to keep them informed about regulatory updates and industry best practices.

5.3 Remuneration and Compensation

1. Develop and recommend a clear remuneration policy for Board Members, Board Committees, and Executive Management, ensuring alignment with corporate strategy.
2. Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving the objectives set for it.
3. Recommend to the Board, remuneration of Board Members, Board Committee members and the Executive Management in accordance with the remuneration policy.
4. Clarify the relationship between the granted rewards and the applicable rewards policy and indicate any material deviation from the policy.
5. Establish a framework for fixed and performance-based remuneration for Executive Management, ensuring alignment with shareholder interests.

6. Conduct periodic benchmarking of remuneration and compensation structures to maintain competitiveness in the market.
7. Review and recommend adjustments to incentive plans and Executive Management compensation based on performance and regulatory compliance.
8. Review the alignment between remuneration structures and MEPCO's long-term strategic objectives.

5.4 Other Responsibilities

1. Work in conjunction with other committees for the specific matters requiring involvement of multiple functions. In this context, the Committee shall collaborate with other Board Committees to discharge their duties.
2. Review prior Committee minutes of meeting, follow up on action items duly documented in the action sheet to ensure that matters raised earlier have been resolved.
3. Review and reassess the adequacy of this Charter at least once in four (4) years or earlier as needed and recommend any proposed changes (if any) for approval.
4. Report to the Board, all decisions and recommendations made by the Committee, not later than the next regular Board meeting.
5. Perform other related tasks and responsibilities assigned to it by the Board.

5.5 Duties of individual Committee Members

Members of the Committee, in the exercise of their duties in the Committee, shall be bound by the following duties and responsibilities:

1. Comply with the Companies Law, Capital Market Law, their implementing regulations, other relevant regulations, the Bylaws, and the Committee charter when performing duties as a Member of the Committee and abstaining from taking or participating in any action that constitutes mismanagement of the Company's affairs.
2. Attend all the Committee meetings and not to be absent unless for objective reasons which shall be notified to the Chair of the Committee in advance. Be aware of the Committee functions and dedicate enough time to participate in the conduct of Committee matters.
3. Ensure integrity with the conduct of the Committee matters and meetings. Each Member of the Committee shall comply with the principles of truthfulness, honesty, loyalty, and care.
4. Carry out their work, tasks and all their responsibilities objectively, where serving the interests of the Company is their top priority.
5. Obtain adequate skills and trainings necessary for the participation and conduct of the Committee matters.
6. Participate effectively in the meetings of the Committee by studying and discussing topics on the agenda of the meetings and accordingly vote on the Committee decisions.
7. Provide full support to the Chair of the Committee in setting-up of the meeting agendas and sign off on minutes of the meetings.
8. Refrain from making any public disclosures / communication with press/ media of any matters related to Company unless in strict compliance with approved disclosures policy of the Company.
9. Maintain the confidentiality of the data and information related to the Company's work and its activities that they access because of their membership in the Committee, and all the Committee's deliberations and decisions except to the extent necessary to implement them with the approval of the relevant authority. This obligation also includes maintaining the confidentiality of the information even after termination of membership of the Committee.

10. Disclose to the Committee any conflict or potential conflict arising between their personal interests and the interests of the Company regarding the matters presented to the Committee, whether direct or indirect, and confirm that disclosure in the minutes of meeting by a written notification submitted to the Committee Chair. An interested Member may not participate in voting or take decisions or recommendations in matter presented.

6. Committee Chair

6.1 Appointment

1. Based on the majority of votes, the Committee shall appoint, from amongst the Members who are Independent Directors, a Chair of the Committee who shall preside over the meetings of the Committee. Alternatively, the appointment of the Chair can also be made by a resolution from the Board of Directors.⁵
2. The Chair of the Committee can designate a Member to be the Vice Chair of the Committee and to chair the Committee meetings in his/her absence.

6.2 Duties of the Committee Chair

The Committee Chair shall have the following duties:

1. Oversee the planning and preparation for the Committee meetings, including approving the agenda of the meetings.
2. With support from the Secretary, collaborate with the Committee Members to develop and approve the agenda for the Committee meetings and invite all the Committee Members to meet on a certain date and place for Committee meetings.
3. Ensure that all items requiring Committee approval or Committee recommendations to the Board are appropriately presented.
4. Ensure that the issues before the Committee are accompanied by sufficient information to enable the Committee to take decisions on them.
5. Monitor and follow up on the implementation of the Committee's decisions in coordination with the Secretary of the Committee.
6. Ensure that the Committee has direct access to members of Executive Management as required.
7. Ensure that external advisors are retained or to be retained by the Committee is appropriately qualified and independent.
8. Represent the Committee in front of the Board or any other party and discuss matters raised.
9. Attending the General Assembly meetings to answer questions of shareholders or delegate a Member of the Committee to attend on his/her behalf if absent from attendance for urgent reasons.

⁵ Article 48(b) - CGR

7. Secretary of the Committee

7.1 Secretary

The Committee shall appoint the Board Secretary as its Secretary to handle all administrative tasks. The Committee may appoint other individuals to the role of Secretary, which shall be subject to an endorsement from the NRC before appointment is finalized. The Secretary can be reappointed after the expiry of his/her term.

7.2 Duties of the Secretary of the Committee

The Secretary is responsible for the following:

1. Ensure adequate preparation and running of the Committee's activities.
2. Attend the meetings given that the Secretary of the Committee should not have any voting rights regarding recommendations, directives, and decisions.
3. Act as a primary point of contact and source of information, provide advice and guidance for Committee Members regarding Company activities, in order to support the decision-making process.
4. Keep the Committee Members fully briefed on relevant information considered during decision making.
5. Maintain and administer the Charter and ensure its adequacy to cater with the changes in business conditions and regulatory requirements.
6. Identify and highlight any changes required in this Charter to the Committee for its consideration.
7. Prepare communication letters upon arranging with the Chair as the need arises, and addressing the same to the Members, Board, and other relevant parties. This includes handling the required communication to schedule / call for Committee meetings.
8. Prepare information packages that need to be circulated to the Committee Members during Committee meetings.
9. Assist the Committee Chair to set and prepare Committee meeting agendas, and circulate the same to Members, at least five (5) Business Days in advance of the meeting dates. The Members shall forward their suggestions regarding the draft agenda within two (2) Business Days from the date of receipt.
10. Invite the relevant parties including consultants, legal advisors, or any other party to Committee meetings at the request of the Committee Chair.
11. Document the Committee meetings and preparing minutes of meetings, which shall include the discussions and deliberations carried out during such meetings.
12. Document and update the decisions and action items suggested by the Committee along with primary responsibility and target date of implementation in order to facilitate tracking of the open action points pertaining to the decisions of the Committee.
13. Circulate Committee decisions / minutes of meetings to the concerned parties within five (5) Business Days following meetings.
14. Follow up on open issues and action items that are required to be presented to the Committee.
15. Notify the Committee Chair of any impediments to the functioning of the Committee, including any delay in the implementation of its decisions and recommendations.
16. Forward approved minutes of all the Committee meetings to the Board.
17. Maintain the confidentiality of the data and information related to the Company's work and its activities and all the Committee's deliberations and decisions except to the extent necessary to implement them or with the relevant authority's approval.

18. Carry out any other tasks or responsibilities assigned to him/her by the Committee Chair.
19. Upon conclusion of the Committee meetings, the Secretary shall immediately ensure that the venue of the meeting shall be free of any papers, notes, presentations, or documents about the meeting.
20. The Secretary shall forward to the Committee a registry of all decisions and recommendations made at the last meeting of the Committee, together with the minutes of the meeting. The Secretary should also share all pending actions from previous meetings.
21. The Secretary shall submit to the Committee Chair any obstacles facing the work of the Committee, including any delay in implementing its decisions and recommendations.

8. Meetings

8.1 Frequency of Meetings

1. The Committee shall hold its meetings in accordance with the requirements of the duties assigned to it. The Committee shall meet twice a year, and at least once every six months, and more often and as may be deemed necessary.⁶
2. Additional meetings may be scheduled as the Committee or its Chair deem advisable; provided that a notice of five (5) Business Days, or shorter period as per the consent of the Committee Members, is given.
3. A meeting of the Committee shall be convened by written notice being given by the Secretary at the request of the Committee Chair to each Member (and invitee, as appropriate) not less than five (5) Business Days prior to the date set for the meeting, except in cases of urgency, when a meeting may be convened on shorter notice upon approval by a majority of the Members. The notice shall include the date, time and location of the meeting and shall be accompanied by a meeting agenda and appropriate briefing materials. The Committee shall meet at such times and places it deems necessary to fulfil its responsibilities.

8.2 Quorum and Voting

1. For the Committee meetings to be valid, majority of its Members must be present.
2. All decisions and actions of the Committee shall be approved by a resolution passed by the affirmative vote of majority of the Members attending the meeting. The Committee Chair shall have a casting vote in case of a tie.
3. No Member shall vote on any matter in which they have a direct or indirect interest.
4. Voting by proxy is not allowed.
5. If the quorum necessary to hold a meeting is not met within fifteen (15) minutes from the time specified for the start of the meeting, the meeting shall be postponed to another date specified by the Committee Chair or whom he/ she delegates.

8.3 Attendance of Invitees

The Committee may seek assistance from whomever it deems appropriate to fulfil its duties and invite them to attend the Committee meetings. Such attendees can be involved in the discussions but shall not have any voting rights or sitting fee for attending the meeting. Invitations shall be approved by the Committee Chair and indicated in the meeting agendas circulated prior to meeting dates and the minutes of meeting.

8.4 Meeting Procedures

1. The Member may participate in the meeting via modern communication technologies; this would complete the legal quorum for the meeting.
2. If the Committee Chair is not present, he/she may delegate one of the Committee Members to preside over the specific session.

⁶ Article 47(7) - CGR

3. Meetings are attended exclusively by Committee Members. However, the Committee may invite a Board Member or an Executive Management representative to provide input or advice.
4. The decisions of the Committee could also be approved through circulations, upon discretion of the Chair. Any decision of the Committee that is documented in writing and signed by all its Members shall be as effective as if it had been made at a meeting duly called and held.
5. A Member may formally object to a resolution, with the objection and reasoning recorded in the minutes. Absence from a meeting does not exempt a Member from responsibility for the resolution unless they are unaware of it or unable to contest it upon learning of it.
6. The Committee Chair shall submit the Committee's recommendations and conclusions to the Board at the first Board meeting following the Committee meeting.

8.5 Minutes of Meeting

1. Minutes of meetings should be prepared, including a summary of their discussions, recommendations, directives, and decisions.
2. The Committee Secretary shall send the minutes to the Members for review within five (5) Business Days after the date of the meeting; Members may propose a change in the wording of the minutes, and the minutes shall become final if the Members do not propose any changes within five (5) Business Days of receipt.
3. If changes or modifications were proposed to the minutes of the meeting, then the Secretary shall amend the minutes after the approval of the Committee Chair. In all cases, modification or change that may alter the operative part of the decision, which was voted by the Members or changes its content, may not be made to the minutes of the meeting.
4. The Secretary shall arrange signatures on minutes of the meeting from the Committee Chair and all the attending Members.
5. The Secretary shall archive all the documents related to the meeting and will be kept in the Company's head office in secured and fire-safe cabinets.

9. Members Training

On recommendation from the Nomination & Remuneration Committee, the Board approves an ongoing development program for the Committee Members. The program is based on the annual review of the required skills and abilities, identified weaknesses, and strengths of the Committee Members. The training programs shall include areas such as nomination, remunerations, governance practices, etc. These programs will be regularly updated to reflect shifts in the external market environment, contemporary issues, economic developments, and specific risks relevant to the Committee's responsibilities in line with the Company's strategic goals.

The Secretary coordinates with the Human Resources Department to ensure the approved training programs are organized and executed for the Committee Members.

10. Members Remunerations

The Board determines the remuneration of the Committee Members in line with the Remuneration Policy for Board Members and Executive Management, taking into consideration the following:

1. Time and Effort: The time and effort required to perform the Committee's duties effectively.
2. Expertise and Experience: The level of expertise, qualifications, and experience of the Committee Members.
3. Company Performance: The financial performance and overall condition of the Company.
4. Market Rates: The prevailing market rates for similar positions in comparable organizations.

The remuneration shall be reviewed periodically to ensure it remains competitive and aligned with the responsibilities and contributions of the Committee Members. The Chair of the Committee shall determine the Secretary's attendance allowance.

11. Reimbursement of Expenses

The reimbursement of Members expenses such as airfare, hotel stay, local travelling, etc. incurred by the Committee Members in performance of their duties, shall be dealt in accordance with the Company's expense policy and the terms stipulated in their appointment letter, and subject to the Board's approval.

12. Document Retention

The Company shall retain all minutes, documents, reports and other papers required to be maintained in the Company's head office for at least ten (10) years. This shall include the Board report and audit committee report. Without prejudice to this period, the Company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

13. Reference Documents

The reference documents are as follows:

Sr No.	Name of Documents
1.	Articles of Association
2.	Delegation of Authority Policy
3.	Remuneration Policy for Board Members and Executive Management
4.	Selection Policy for Board Members and Executive Management

14. Legislative Background

This Policy has been prepared in accordance with:

1. The Corporate Governance Regulations (CGR) issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438H (13/2/2017G), as amended
2. The Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, and amended by Resolution of the Board of the Capital Market Authority No. 8-5-2023 dated 25/6/1444H (18/1/2023G), based on the Companies Law issued by Royal Decree No. M/132 dated 1/12/1443H; and
3. The laws and regulations applicable to the Middle East Paper Company (MEPCO) as a listed company (Open Joint-Stock Company), as well as its Articles of Association.

15. Disclaimer

The references to laws, regulations, and guidelines in this document, including but not limited to the Corporate Governance Regulations (CGR) issued by the Capital Market Authority (CMA) and the Companies Law of the Kingdom of Saudi Arabia, are provided for informational purposes only. These references are intended to align the policies and procedures of Middle East Paper Company ("MEPCO" or the "Company") with applicable legal and regulatory requirements. However, this document does not constitute legal advice, nor does it replace or supersede the official texts of the laws, regulations, or guidelines referenced herein.

In the event of any discrepancy or conflict between the content of this document and the official laws, regulations, or guidelines of the Kingdom of Saudi Arabia, the official laws, regulations, and guidelines shall prevail. The Company reserves the right to update or amend this document to ensure continued compliance with any changes in applicable laws, regulations, or governance standards.

---- End of the Document ----

Comparison and New Sections

Article No./Title (Old Regulation – 2017)	Before amendment	Article No./Title (New Regulation/Policy)	After amendment	Notes
Article One: Definitions	<p>“Without prejudice to the definitions in the Market Glossary, the Listing Rules, and other CMA regulations, the words and phrases below shall have the meanings shown beside each of them unless the context requires otherwise. Regulation: the Nomination & Remuneration Committee (NRC) Charter; Committee: the NRC; Chair: Chair of the NRC; Member: a member of the NRC (collectively, the “Members”); Secretary: Secretary of the NRC; Company: Middle East Paper Co. (MEPCO) and its subsidiaries; Board: the Company’s Board of Directors; Authority (CMA): the Capital Market Authority; Market: the Saudi Stock Exchange; Companies Law: the Companies Law issued by Royal Decree No. (M/3) dated 28-01-1437H, as amended; Corporate Governance Regulations (CGR): the CGR issued by CMA under Resolution 8-16-2017 dated 16/05/1438H (13/02/2017G); Senior Executives ...; Non-Executive Member ...; Independent Member ...; Conflict of Interest ...”</p>	Definitions	<p>“Terms — Definition: Articles of Association; Authority (CMA); Board of Directors; Business Day; Regulation (NRC Charter); Committee; Company or MEPCO; Companies Law (M/132 and its amendments); Competent Authority (inclusive definition of relevant regulators); Conflict of Interest (detailed definition); Corporate Governance (detailed definition); Corporate Governance Regulations (Resolution 8162017, as amended); Executive Member; Executive Management; General Assembly/Assembly; Independent Member; Member; Non-Executive Member; Secretary. Terms and expressions in applicable laws and regulations shall apply to any words not defined in this Charter.”</p>	Modified/Restructured
Article Two: Preamble	<p>“This Charter is prepared to complete the update of MEPCO’s overall governance framework... The General Assembly issues it... It shall include the Committee’s work rules/procedures and its duties... The Board annually evaluates the Committee’s performance...”</p>	Introduction + Policy Owner	<p>“Introduction: This Charter defines the Committee’s composition, roles, and responsibilities... serving as a guiding framework for the NRC in performing its duties and supporting the Board... Policy Owner: The Committee owns and maintains the Charter through the Secretary... Review every four (4) years or as needed, and effective only after General Assembly approval.”</p>	Modified/Restructured
Article Three: Purpose of forming the Committee	<p>“The Committee aims to assist the Board in its oversight responsibilities for nominating Board members and Senior Executives and ensuring the integrity of the remuneration strategy...”</p>	Objectives	<p>“The Committee aims to assist the Board in its oversight of nominations and remuneration for Board members and Executive Management, supporting governance and ensuring the integrity of</p>	Updated and expanded

Article No./Title (Old Regulation – 2017)	Before amendment	Article No./Title (New Regulation/Policy)	After amendment	Notes
			strategies for remuneration, benefits, incentives, and salaries...”	
Article Four: Committee composition	“Formed by Board resolution from non-executive Board members... at least one independent... the Chair chosen from independents... members (3–5)... end of membership... removal and re-appointment... prohibition on the Managing Director or executives... filling a vacancy... avoiding conflicts of interest...”	Committee Formation + Term & Conditions + Termination of Membership	“The Board forms the Committee... three to five non-executive members including at least one independent... the Board Chair may not be the Committee Chair; the CEO or any executive may not serve on the Committee; Committee term is four (4) years... conditions on independence, expertise, and no ties to Executive Management... cases of loss of office, termination, replacement... termination for absence (three consecutive meetings...) or health reasons...”	Reorganized and detailed
Article Five: Membership controls	“Independence from Executive Management... familiarity with company objectives... requisite expertise... no close kinship with Senior Executives... meeting Article Four requirements...”	Term & Conditions	“... independence from Executive Management... familiarity with company objectives and policies... requisite expertise... no relationship that may affect a member’s independence...”	Merged under conditions
Article Six: Training and support	“Onboarding program for newly joined members... company strategy... financial/operational aspects... member obligations... provide members an electronic copy of the Articles and governance regulations...”	Orientation & Training of Committee Members + Member Training	“Orientation program for new members under the Secretary... Intro to MEPCO, overview of the Charter, member roles/responsibilities, strategy, succession, frameworks/policies... Ongoing development program approved by the Board and updated regularly... coordination with HR to organize approved programs.”	Expanded
Article Seven: Committee duties and responsibilities	“Nomination responsibilities: propose policies/standards... recommend nominations... job descriptions... annual review of needs... validate independence... vacancy procedures... assess strengths/weaknesses... Remuneration responsibilities: prepare a clear policy and submit to the Board... explain links between	Committee Responsibilities, Functions & Duties (+ Nominating Board & Executive Members + Member Training & Development + Remuneration &	“... oversight of nominations, succession, remuneration, and performance evaluation for the Board, Executive Management, and key employees... Nominations: propose policies/standards... annual needs assessment... job descriptions...”	Expanded and detailed

Nomination & Remuneration Committee Charter — Comparison and New Sections

Article No./Title (Old Regulation – 2017)	Before amendment	Article No./Title (New Regulation/Policy)	After amendment	Notes
	remuneration and policy... periodic review... recommend remuneration...”	Compensation + Other Responsibilities)	independence checks... vacancy procedures... recommend and oversee an external Board evaluation every four years... Training: induction and continuous development... Remuneration: clear policy, periodic reviews, market benchmarking, fixed/variable frameworks, clawback/suspension when needed... Other: coordinate with committees, review prior minutes, re-evaluate the Charter every four years, and report to the Board...”	
Article Eight: Chair’s duties	“Call meetings... supervise... ensure information... sound decisions... follow-up on implementation... attend the General Assembly...”	Committee Chair (Appointment + Chair’s Duties)	“Chair appointed from independents by member majority or Board resolution... Duties: lead meeting planning and agenda, ensure information sufficiency, follow up on implementation, liaise with Executive Management, ensure independence of external advisers, represent the Committee before the Board, attend the General Assembly and answer shareholders’ questions...”	Modified/Expanded
Article Nine: Member duties	“Comply with laws... honesty, loyalty... attendance... impartiality... time commitment... study information...”	Individual Duties of Committee Members	“... comply with laws/regulations, the Articles, and the Charter... integrity, loyalty, and due care... attend meetings... build skills... study/discuss matters... support the Chair... refrain from media statements... maintain confidentiality... disclose any conflict of interest and abstain from voting where a conflict exists...”	Enhanced
Article Ten: Secretary’s duties	“Record minutes... provide materials... notify of schedules... keep documents... follow up on execution... coordination...”	Committee Secretary (Appointment + Secretary’s Duties)	“The Board Secretary serves as Committee Secretary... Duties: ensure readiness for Committee activities; attend without voting rights; act as an	Expanded with timelines

Nomination & Remuneration Committee Charter — Comparison and New Sections

Article No./Title (Old Regulation – 2017)	Before amendment	Article No./Title (New Regulation/Policy)	After amendment	Notes
			information source and decision-support; maintain and administer the Charter; flag needed changes; prepare communications; circulate the agenda at least 5 business days in advance; invite advisers; record minutes and recommendations; track action items; circulate Committee decisions within 5 business days; submit minutes to the Board; protect confidentiality; dispose of materials post-meeting; send a decision log; escalate obstacles to the Chair...”	
Article Eleven: Meeting management & attendance	“Chair manages meetings... objections recorded in minutes... who may attend... no proxy voting... majority... Chair’s casting vote... signing minutes...”	Meetings (Invitees + Meeting Procedures + Minutes)	“Invitees may attend without voting rights; participation via modern communication means; written resolutions may be passed; record objections; submit Committee recommendations to the Board at its first meeting; prepare minutes capturing discussions and recommendations and send within 5 business days for review... sign by members and archive...”	Reorganized
Article Twelve: Quorum	“Meeting valid by majority... participation via modern technologies counts toward quorum...”	Quorum & Voting	“Majority attendance; resolutions passed by majority of attendees with the Chair’s casting vote on a tie; abstain from voting when interested; no proxy voting; postpone if quorum not met within 15 minutes...”	More detailed
Article Thirteen: Agenda & meetings	“Send topics to the Secretary 10 business days in advance... set the agenda... send agenda/materials 5 days prior... at least two meetings annually... additional meetings as needed... accurate documentation... review minutes within 3 business days... finalize within 2 business days with Chair approval...”	Meeting Frequency + Meeting Procedures + Minutes	“At least two meetings per year (once every six months) with the possibility of additional meetings... notice at least 5 business days (shorter by members’ consent)... notice includes date, time, place, and materials... details for preparing minutes and review within 5 business days...”	Overlap with old and harmonized timelines

Nomination & Remuneration Committee Charter — Comparison and New Sections

Article No./Title (Old Regulation – 2017)	Before amendment	Article No./Title (New Regulation/Policy)	After amendment	Notes
Article Fourteen: Committee powers	“Invite executives... seek experts inside/outside the Company... record this in minutes... observe conflict-of-interest rules...”	Authority of the NRC	“Request information from any employee; investigate any matter within scope; summon employees; assign members/Company staff to studies; seek independent legal or professional advice at the Company’s expense...”	Expanded
Article Fifteen: Studying referred matters	“Study referred matters and submit recommendations or decide where delegated... assign a member/employee/external party to study and report... Executive Management must provide information...”	Committee Authority + Other Responsibilities	“... assign a member or Company staff to research/study... request information, document decisions and action items, and follow up...”	Merged and expanded
Article Sixteen: Reporting decisions/recommendations & follow-up	“Notify the Board of issued decisions... send an implementation-tracking log... escalate obstacles to the Chair...”	Secretary’s Duties + Chair’s Duties	“... circulate Committee decisions/minutes within 5 business days; follow up action items; submit minutes to the Board...”	Time-bound
Article Seventeen: Monitoring Committee performance	“Board oversight... prepare an annual report on number of meetings, attendance, work done, and decisions...”	Other Responsibilities	“... submit a report to the Board on all decisions and recommendations; re-assess Charter adequacy every four years or earlier...”	Consistent
Article Eighteen: Confidentiality	“Chair, members, and Secretary shall maintain confidentiality and not disclose or misuse information...”	Members’ Duties + Secretary’s Duties	“Preserve confidentiality of Company information and the Committee’s deliberations and decisions... obligation continues after membership ends...”	Embedded in multiple places
Article Nineteen: Conflict of interest	“No loans to members... member duties: honesty and prioritizing the Company’s interest... disclose conflicts... abstain from voting... report updates... prohibitions: voting with an interest; misuse of Company assets/opportunities; competing with the Company without authorization; accepting gifts...”	Definitions (Conflict of Interest) + Individual Member Duties	“Detailed definition of conflict of interest... disclose any conflict and record it in minutes via written notice... do not participate in voting where a conflict exists...”	Aligned and updated
Article Twenty-One: Allowances & remuneration	“Annual remuneration not less than SAR 50,000 and a meeting allowance of SAR 3,000... remuneration proportional to meetings and attendance... statutory ceilings for Board members... disclosure in the Board report...”	Members’ Remuneration	“The Board determines Committee members’ remuneration in line with the Remuneration Policy for Board Members and Executive Management; criteria include time/effort, expertise, Company	Re-articulated and linked to policies

Nomination & Remuneration Committee Charter — Comparison and New Sections

Article No./Title (Old Regulation – 2017)	Before amendment	Article No./Title (New Regulation/Policy)	After amendment	Notes
			performance, and market rates; periodic review; the Chair sets the Secretary’s meeting allowance.”	
Article Twenty-Two: Review, publication & effectiveness	“Annual review in coordination with Governance... amendments adopted by GA resolution based on Board recommendation... publish on the Company’s website... repeal conflicting provisions... complements the CGR and Articles... matters not covered governed by the Companies Law and CMA rules...”	Policy Owner + Reference Documents + Legislative Background + Disclaimer	“Review every four years or as needed; effective only after General Assembly approval; Reference Documents (Articles of Association, Delegation of Authority Policy, Remuneration Policy, Policy for Selecting Board & Executive Members); Legislative Background (CGR Resolution 8-16-2017 as amended; Companies Law M/3 as amended by CMA Resolution 8-5-2023 based on M/132; laws applicable to MEPCO as a listed company); Disclaimer (document is not legal advice; official texts prevail; Company may update to ensure compliance).”	Reorganized and enriched
		Expense Reimbursement	“Reimbursement of members’ expenses (tickets, lodging, local travel...) is handled per the Expense Policy and appointment letters and with Board approval.”	New article in the new Charter
		Records Retention	“The Company shall retain all minutes, documents, and reports for no less than ten (10) years; where claims/investigations exist, retention continues until closure.”	New article in the new Charter
		Reference Documents	“Articles of Association; Delegation of Authority Policy; Remuneration Policy for Board & Executive Management; Policy for Selecting Board & Executive Members.”	New article in the new Charter
		Legislative Background	“Corporate Governance Regulations (Resolution 8-16-2017, as amended); Companies Law (M/3 as amended by CMA Resolution 8-5-2023 based on	New article in the new Charter

Nomination & Remuneration Committee Charter — Comparison and New Sections

Article No./Title (Old Regulation – 2017)	Before amendment	Article No./Title (New Regulation/Policy)	After amendment	Notes
			M/132); laws and regulations applicable to MEPCO as a listed company.”	
		Disclaimer	“References to laws/regulations are for alignment and do not constitute legal advice; official texts prevail; the Company may update/amend the Charter to ensure compliance with regulatory changes.”	New article in the new Charter



Middle East Paper Company

Audit Committee Charter

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Abbreviations

Acronyms	Definition
AoA	Articles of Association
BoD	Board of Directors
CEO	Chief Executive Officer
CGR	Corporate Governance Regulations
CL	Companies Law
CMA	Capital Market Authority
IAD	Internal Audit Director
IRCL	Implementing Regulation of Companies Law

Definitions

Words	Definition
Articles of Association / Bylaws	The Articles of Association of the Middle East Paper Company
Authority	Capital Market Authority
Board or Board of Directors	Board of Directors of the Middle East Paper Company
Business Day	A business day in the Kingdom according to official working days of the Authority.
Chair	Chair of the Audit Committee of MEPCO
Charter	Audit Committee Charter
Head of Internal Audit	The Top position responsible for internal audit activities within the organisation. In the case where internal audit activities are obtained from outside service providers, the IAD is the person responsible for overseeing the service contract and the overall quality assurance of these activities, functionally reporting to the Audit Committee regarding internal audit activities and follow-up of engagement results.
Committee	Audit Committee of MEPCO
Companies Law	Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH and its amendments.
Company or MEPCO	Middle East Paper Company and all its subsidiaries.
Competent Authorities	Any regulatory, governmental, supervisory, and semi-governmental bodies or agencies within the Kingdom of Saudi Arabia or any other jurisdiction where the Company or its subsidiaries operate, that have legal authority over the Company's operations, governance, financial reporting, and commercial conduct. This includes, but not limited to, CMA, Ministry of Commerce, GOSI, Ministry of Human Resource and Social Development, Zakat, Tax and & Custom Authority etc.
Conflict of Interest	Conflict of Interest as a situation where an individual's personal interests could potentially interfere with their professional duties and responsibilities. This can occur when a person has competing interests or loyalties that could influence their judgment or actions in a way that is not in the best interest of the Company.
Corporate Governance	Rules to lead and guide the Company that includes mechanisms to regulate the various relationships between the Board, Executive Management, shareholders and Stakeholders, by establishing rules and procedures to facilitate the decision-making process and add transparency and credibility to it with the objective of protecting the rights of shareholders and Stakeholders and achieving fairness,

	competitiveness and transparency on the Exchange and the business environment.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. 8162017 dated 16/05/1438H corresponding to 13/02/2017G and its amendments.
Executive Director	A Member of the Board who is a full-time Member of the Executive Management team of MEPCO and participates in its daily activities. ¹
Executive Management / Senior Executives / C-Suite	Persons responsible for managing the daily operations of MEPCO, proposing and executing strategic decisions, such as the CEO and his/her direct reporters.
External Auditor	An independent and qualified professional appointed by the General Assembly to audit the Company's financial statements and operations
Extraordinary General Assembly	Special shareholders' meeting with the authority to amend a Company's AoA and make major decisions beyond the scope of the Ordinary General Assembly
Independent Director	A non-executive Member of the Board who enjoys complete independence in his/her position and decisions and none of the issues affecting independence stipulated in Article 19 of CGR apply to him/her.
Member	Member of the Audit Committee, which all together shall be referred to as 'Members'.
Non-Executive Director	A Member of the Board who is not a full-time Member of the Executive Management team of the Company and/ or does not participate in its daily activities.
Ordinary General Assembly or General Assembly or Assembly	An assembly of the Company's shareholders duly convened in accordance with the provisions of the Companies Law and its implementing regulations and the Company's AoA
Related Party	<ol style="list-style-type: none"> 1. Affiliates of the Company except for wholly owned companies 2. Substantial shareholders of the Company. 3. Directors and senior executives of the Company. 4. Directors of affiliates of the Company. 5. Directors and senior executives of substantial shareholders of the Company. 6. Any relatives of persons described at (1), (2), (3) or (5) above. The term "relatives" shall mean a parent, spouse and children. 7. Any Company controlled by any person described at (1), (2), (3), (5) or (6) above.
Secretary	Secretary of the Audit Committee.

The definitions and terms in the relevant laws and regulations issued by the Competent Authorities shall apply to any words or phrases not defined in this Charter.

¹ CGR Article 1.

1. Introduction

This Audit Committee Charter reflects the Company's dedication to align its audit and oversight functions with regulatory requirements, industry leading practices, ensuring transparency, and accountability. This Charter serves as a guiding document for the Audit Committee in discharging its duties and responsibilities.

1.1. Scope

This Charter applies to the Audit Committee Members of MEPCO.

1.2. Objectives

The Audit Committee aims to assist the Board in carrying out its oversight duties related to internal and external audit, the internal control process, compliance, and fraud management which shall include, but not limited to, the following:

1. Ensure the adequacy and comprehensiveness of the internal audit's activities and scope of work by scaling the efficiency and fulfilment of the duties carried out by the Committee.
2. Ensure that the Company's management is responsive to matters identified and reported through the Audit Committee, specifically if these matters are related to the internal and external audit work and ensure their independence.
3. Ensure that the Company accepts and understands the internal audit department's role and value through commonly applied mechanisms (e.g., the internal audit annual report).
4. Measure and assess the internal control and internal audit effectiveness at the Company.
5. Monitor compliance with the relevant laws, regulations, internal standards, policies, and processes related to the Committee's duties and responsibilities.
6. Ensure that management, as well as internal and External Auditors, carry out their responsibilities regarding fraud.

1.3. Custodian

It is the responsibility of the Committee to own and maintain the Committee Charter through its Secretary and ensure the adequacy of the Charter to cater with the changes in business conditions and regulatory requirements. This Charter shall be implemented in a manner that does not contradict the provisions of the Company's Bylaws. This Charter is valid and can be implemented only following its approval by the General Assembly.

The Committee Secretary shall periodically review and update the Charter in consultation with the GRC department to ensure that it is relevant and aligned to applicable laws & regulations. The Charter shall be reviewed once every four (4) years or more frequently if deemed necessary.

2. Composition of the Committee

The Committee shall be formed by a resolution of the Board. Members of the Committee shall be from the shareholders or other external parties. The Committee shall not include any of the Executive Directors among its Members. The membership of the Committee shall range from 3 to 5 individuals.²

Candidates for the Audit Committee may either submit their applications directly or be nominated by the Board of Directors. The Nomination & Remuneration Committee will conduct a thorough review of the submitted CVs to ensure candidates meet the required qualifications and contribute effectively to the Committee's mandate.

Emphasis will be placed on diversity, expertise, and alignment with the organization's strategic goals, in line with global governance benchmarks.

The selection and appointment of Committee Members shall be subject to the following considerations:

1. The Committee Members, individually or collectively, are expected to possess the following skillsets:

² Article 51(a) - CGR

- a. Leadership experience in a reputed entity/organization.
- b. Working experience in audit/ compliance function, or committee member of a reputed entity/organization.
- c. Relevant qualifications in the field of finance, accounting, compliance, etc.³
2. The Committee shall have at least one Independent Director among its Members.
3. The Chair of the Board shall not be a Member of the Audit Committee.⁴
4. Any person who works or has worked in the Company's Finance Department, the Executive Management or for the Company's External Auditor during the preceding two years may not be a Member of the Audit Committee.
5. A Member of the Committee shall not be a Member of the audit committees of more than five listed joint stock companies simultaneously.⁵
6. If the Membership of any Member of the Committee becomes vacant for whatever reason, the Board shall appoint a substitute for the remaining term of his/her predecessor in the membership of the Committee, and the Company must disclose this to the Authority within five (5) Business Days.

2.1 Membership Term

1. The term of the Committee shall be four (4) years, starting from the Board resolution to form the Committee and ending with the end of the Company's Board term.
2. Committee Members can be re-appointed upon expiry of their term through a Board resolution.

2.2 Resignation/Termination of Membership

The following points are considered for the resignation and termination of Audit Committee Members:

1. The Committee tenure ends in conjunction with the tenure of the Board, and the membership of the Committee Members shall also end in the following cases:
 - a. If the Committee Member is a Board Member, the membership shall end with the end of Board membership or by voluntary resignation from the Committee.
 - b. If the Committee Member is a non-Board Member, the membership shall terminate by voluntary resignation or at the end of the Committee's tenure.
2. The Board of Directors may at any time terminate all or some of the Committee Members without prejudice to their right to the Company to claim compensation if the termination occurs for an unacceptable reason or at an inappropriate time.
3. The Board shall be notified in writing of the resignation of any of the Audit Committee Members.

3. Induction and Orientation of the Committee Members

The Secretary supervises the orientation program for new Members in coordination with the Executive management, ensuring they receive a comprehensive introduction to MEPCO and its subsidiaries.

The program shall include the following:

1. Introduction to the Company and its subsidiaries.
2. Key strategic and on-going initiatives.
3. Information about the Committee and its Charter.

³ Article 51 - CGR

⁴ Article 48(c) - CGR

⁵ Article 51(g) - CGR

4. Roles and Responsibilities of the Committee as per the Charter.
5. Responsibilities of the Committee Members.
6. Information about the aspects overseen by the Committee such as financial reports, external Audit, internal Audit, and compliance undertaken by the Company.
7. Decisions taken by the Committee through resolutions and minutes.
8. Current state of the open action points for Committee's consideration.
9. Key documents being monitored by the Committee including the IA Charter, IA Manual etc.

4. Powers & Authority of the Audit Committee⁶

In discharging its responsibilities, the Committee will have the following powers and authority, in addition to any other authorities specifically delegated by the Board through the DOA matrix or through other related resolutions:

1. Review the Company's records and documents.
2. Request any clarification or statement from the Board Members or 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 has suffered significant losses and damages.
4. Invite anyone from the Executive Management for some inquiries that may arise. It may also decide who is prohibited from attending the meeting and who is entitled to carry out further investigations when necessary to enable it to make its decisions on a sound and informed basis.
5. Investigate complaints of any violations or wrongdoings that come to its attention informally or through formal whistleblowing channels. The Committee has the right to assign parties from inside/outside the Company to carry out the investigation and report back to it with the results.
6. Seek the assistance of experts and specialists within the Company or from outside, within the scope of its powers, provided that this is included in the minutes of the Committee meetings, mentioning the name of the expert and his/her relationship with the Company or Executive Management, while ensuring confidentiality and avoiding Conflict of Interests.

5. Competencies and Responsibilities of the Audit Committee

The Audit Committee shall monitor the Company's activities and ensure the integrity and effectiveness of the reports, financial statements, and internal control systems, ensuring compliance and adequate mechanisms to prevent and detect fraud. The responsibilities of the Audit Committee are included in the following sections.

5.1 Financial Reports⁷

1. Analyse 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 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. Analyse any important or non-familiar issues contained in the financial reports.
4. Investigate any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or GRC Director or External Auditor.

⁶ Article 56 - CGR

⁷ Article 52 - CGR

5. Examine the accounting estimates concerning significant matters that are contained in the financial reports, and
6. Examine the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

5.2 Internal Audit⁸

1. Examine and review the Company's internal and financial control systems and risk management system.
2. Analyse the Internal Audit reports and follow up on the implementation of the corrective measures with respect to the remarks made in such reports.
3. Monitor and oversee the performance and activities of the internal auditor and the Company's Internal Audit department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
4. Recommend to the Board the appointment of the Chief Audit Executive and determine his/her remuneration in accordance with the Company's policies.
5. Review and approve the annual audit plan.
6. Review the quarterly assessment of the internal control report in line with corporate governance framework.
7. Review the audit activities carried out by the IA department during the fiscal year compared to the approved plan.

5.3 External Audit⁹

1. Provide recommendations to the Board to nominate External Auditors, dismiss them, 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 External Auditor's independence, objectivity, fairness, and effectiveness in the audit activities, taking into account the relevant rules and standards.
3. Review the plan of External Auditor and its activities, ensuring that it does not provide any technical, administrative, or consulting works that are beyond its scope of work, and providing its opinion thereon.
4. Responding to queries of the Company's External Auditor; and
5. Review the External Auditor's reports and comments on the financial statements and follow up on the procedures taken in connection therewith.

5.4 Compliance¹⁰

1. Review the findings of the reports of supervisory authorities and ensure that the Company has taken the necessary actions in connection therewith.
2. Ensure Company's compliance with the relevant laws, regulations, policies and instructions.
3. Review the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
4. Report to the Board any issues in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken.

5.5 Fraud

Obtain reasonable assurance with respect to the Company's procedures for the prevention and detection of fraud, the Committee shall:

⁸ Article 52 - CGR

⁹ Article 52 - CGR

¹⁰ Article 52 - CGR

1. Oversee management's arrangements for the prevention and deterrence of fraud.
2. Ensure that appropriate action is taken against known perpetrators of fraud.
3. Challenge management, internal auditors, and External Auditors to ensure that the Company has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.
4. Ensure that management, as well as internal and External Auditors, carry out their responsibilities regarding fraud.

5.6 Studying Subjects

1. The Committee must be notified in the event of any disagreement between management and the External Auditor, whether concerning auditing or accounting adjustments.
2. The Committee must be immediately notified of any information concerning the imposition of fines or penalties on the Company, such as the penalties applied by regulatory authorities, as well as any cases of fraud or gross negligence, to enable it to assist in assessing the impact, prepare the necessary reports and follow up the corrective actions that have been taken.
3. Executive management, as well as internal audit, governance, risk and compliance departments, are required to provide the Committee with complete, accurate and timely information, particularly those related to internal controls, risk management and regulatory compliance to enable the Committee to carry out its duties and responsibilities.
4. The Board is responsible for ensuring the integrity, transparency, and adequacy of the Company's annual reports. The Board may request the Committee to assist in the evaluation and review of the Company's annual reports.

5.7 Other Responsibilities

1. Work in conjunction with other committees for specific matters requiring involvement of multiple committees. In this context, the Committee shall collaborate with other Board committees to discharge their duties.
2. Review prior Committee minutes of meeting and follow up on decisions taken and documented in the action sheet of prior Committee meetings.
3. Performing any other activities consistent with this Charter, based on Board's request.
4. Oversee that Related Party transactions are conducted transparently and in accordance with the relevant regulatory provisions and internal controls to avoid conflicts of interest and ensure fairness.
5. The Committee meets periodically with the Company's External Auditor, internal auditor, Head of Governance, Risk and Compliance.

5.8 Duties of Committee Members

Members of the Committee, in the exercise of their duties in the Committee, shall be bound by the following duties and responsibilities:

1. Comply with the Companies Law, Capital Market Law, their implementing regulations, other relevant regulations, the Bylaws, and the Audit Committee charter when performing duties as a Member of the Committee and abstaining from taking or participating in any action that constitutes mismanagement of the Company's affairs.
2. Attend all the Committee meetings and not to be absent unless for objective reasons which shall be notified to the Chair of the Committee in advance, be aware of the Committee functions and dedicate enough time to participate in the conduct of Committee matters.
3. Ensure integrity with the conduct of the Committee matters and meetings. Each Member of the Committee shall comply with the principles of truthfulness, honesty, loyalty, and care.

4. Carry out their work, tasks and all their responsibilities objectively, where serving the interests of the Company is their top priority.
5. Obtain adequate skills and trainings necessary for the participation and conduct of the Committee matters.
6. Participate effectively in the meetings of the Committee by studying and discussing topics on the agenda of the meetings and accordingly vote on the Committee decisions.
7. Provide full support to the Chair of the Committee in setting-up of the meeting agendas and sign off on minutes of the meetings.
8. Refrain from making any public disclosures / communication with press/ media of any matters related to Company unless in strict compliance with approved disclosures policy of the Company.
9. Maintain the confidentiality of the data and information related to the Company's work and its activities that they access because of their membership in the Committee, and all the Committee's deliberations and decisions except to the extent necessary to implement them with the approval of the Competent Authority. This obligation also includes maintaining the confidentiality of the information even after termination of membership of the Committee.
10. Disclose to the Committee any conflict or potential conflict arising between their personal interests and the interests of the Company regarding the matters presented to the Committee, whether direct or indirect, and confirm that disclosure in the minutes of meeting by a written notification submitted to the Committee Chair. An interested Member may not participate in deliberating or voting or take decisions or recommendations in matter presented.

6. Committee Chair

6.1 Appointment

The Committee Members shall elect a Committee Chair from among themselves, through majority of votes, or the Committee Chair shall be appointed by a resolution from the Board of Directors, for the duration of the Committee's membership term.

6.2 Duties of the Committee Chair

The Committee Chair shall have the following duties:

1. Oversee the functioning of the Committee and conduct its meetings effectively.
2. With support from the Secretary, collaborate with the Committee Members to develop and approve the agenda for the Committee meetings and invite all the Committee Members to meet on a certain date and place for Committee meetings.
3. Ensure that all items requiring Board approval or Committee recommendations to the Board are appropriately presented.
4. Ensure that the issues before the Committee are accompanied by sufficient information to enable the Committee to take decisions on them.
5. Monitor and follow up on the implementation of the Committee's decisions in coordination with the Secretary of the Committee.
6. Ensure that the Committee has direct access to Senior Management as required.
7. Ensure that external advisors are retained or to be retained by the Committee is appropriately qualified and independent.
8. Represent the Committee in front of the Board or any other party and discuss matters raised.
9. Attending the General Assembly meetings to answer questions of shareholders or delegate a Member of the Committee to attend on his/her behalf if absent from attendance for urgent reasons.

7. Secretary of the Committee

7.1 Appointment

The Committee shall appoint a Secretary to handle all administrative tasks. The Secretary can be the Head of Internal Audit, or the Board Secretary. When the proposed Secretary is not the Board Secretary or the Head of Internal Audit, an endorsement from the NRC shall be a pre-requisite before finalization of appointment. The Secretary can be reappointed after the expiry of his/her term.

7.2 Duties of the Secretary

1. Ensure adequate preparation and running of the Committee's activities.
2. Attend the meetings given that the Secretary of the Committee should not have any voting rights regarding recommendations, directives, and decisions in case the Secretary is not a Member in the Committee.
3. Act as a primary point of contact and source of information, provide advice and guidance for Committee Members regarding Company activities, in order to support the decision-making process.
4. Keep the Committee Members fully briefed on relevant information considered during decision making.
5. Maintain and administer the Committee Charter and ensure adequacy of the Charter to cater with the changes in business conditions and regulatory requirements.
6. Identify and highlight any changes required in this Charter to the Committee for its consideration.
7. Prepare communication letters upon arranging with the Committee Chair as the need arises, and addressing the same to the Committee Members, Board, and other relevant parties. This includes handling the required communication to schedule / call for Committee meetings.
8. Prepare information packages that need to be circulated to the Committee Members during Committee meetings.
9. Assist the Committee Chair to set and prepare Committee meeting agendas, and circulate the same to Committee Members, at least five (5) Business Days in advance of the meeting dates. The Members shall forward their suggestions regarding the draft agenda within two (2) Business Days from the date of receipt.
10. Invite the relevant parties including consultants, legal advisors, or any other party to Committee meetings at the request of the Committee Chair.
11. Document the Committee meetings and preparing minutes of meetings, which shall include the discussions and deliberations carried out during such meetings.
12. Document and update the decisions and action items suggested by the Committee along with primary responsibility and target date of implementation in order to facilitate tracking of the open action points pertaining to the decisions of the Committee.
13. Circulate Committee decisions / minutes to the concerned parties.
14. Follow up on open issues and action items that are required to be presented to the Committee.
15. Notify the Committee Chair of any impediments to the functioning of the Committee, including any delay in the implementation of its decisions and recommendations.
16. Forward approved minutes of all the Committee meetings to the Board.
17. Maintain the confidentiality of the data and information related to the Company's work and its activities and all the Committee's deliberations and decisions except to the extent necessary to implement them or with the relevant authority's approval.

18. Carry out any other tasks or responsibilities assigned to him by the Committee Chair.
19. Upon conclusion of the Committee meetings, the Secretary shall immediately ensure that the venue of the meeting shall be free of any papers, notes, presentations, or documents about the meeting.
20. The Secretary shall forward to the Committee a registry of all decisions and recommendations made at the last meeting of the Committee, together with the minutes of the meeting. The Secretary should also share all pending actions from previous meetings.
21. The Secretary shall submit to the Chair any obstacles facing the work of the Committee, including any delay in implementing its decisions and recommendations.

8. Meetings

8.1 Frequency of the Meetings

1. The Committee shall hold its meetings in accordance with the requirements of the duties assigned to it. The Committee shall meet at least four (4) times a year, preferably once every quarter.¹¹
2. The internal and External Auditors may call for a meeting with the Committee at any time as may be necessary.
3. The Audit Committee may hold special meetings as deemed necessary. The Chair or a majority of Members may call to have a special meeting as deemed necessary, and the majority of Members' attendance constitutes a quorum.
4. The Chair of the Committee may appoint other Members to Chair the meeting in the event of his/her absence for reasons of emergency if the other Members agree.
5. The Committee shall meet periodically with the Company's external and internal auditors.
6. A Committee Member must not authorise another Member to attend or vote on his/her behalf.
7. Resolutions of the Committee shall be issued by a majority of the votes present, and, in case of a tie, the Committee Chair shall have the casting vote.
8. If the quorum necessary to hold a meeting is not met within fifteen (15) minutes from the time specified for the start of the meeting, the meeting shall be postponed to another date specified by the Chair or whom he/she delegates.

8.2 Attendance of Invites

The Committee may seek assistance from whomever it deems appropriate in order to fulfill its duties and invite them to attend the Committee meetings. Such attendees can be involved in the discussions but shall not have any voting rights or sitting fee for attending the meeting. Invitations shall be approved by the Chair and indicated in the meeting agendas circulated prior to meeting dates and the minutes of meeting.

8.3 Meeting Procedures

1. Quorum is achieved when the majority of Members are present.
2. The Member may participate in the meeting via modern communication technologies; this would complete the legal quorum for the meeting.
3. If the Committee Chair is not present, he/she may delegate one of the Audit Committee Members to preside over the specific session.
4. Meetings are attended exclusively by Committee Members. However, the Committee may invite a Board Member or a member of Executive Management to provide input or advice.

¹¹ Article 54 - CGR

5. The decisions of the Committee could also be approved through circulations, upon discretion of the Chair of the Committee. Any decision of the Committee that is documented in writing and signed by all its Members shall be as effective as if it had been made at a meeting duly called and held. Each Member of the Committee shall have one vote.
6. A Member may formally object to a resolution, with the objection and reasoning recorded in the minutes. Absence from a meeting does not exempt a Member from responsibility for the resolution unless they are unaware of it or unable to contest it upon learning of it.
7. The Committee Chair shall submit the Committee's recommendations and conclusions to the Board at the first Board meeting following the Committee meeting.

8.4 Minutes of the meeting

1. Minutes of meetings should be prepared, including a summary of the Committee discussions, recommendations, directives, and decisions.
2. The Audit Committee Secretary shall send the minutes to the Members for review within five (5) Business Days after the date of the meeting. Members may propose a change in the wording of the minutes, and the minutes shall become final if the Members do not propose any changes within five (5) Business Days of receipt.
3. If changes or modifications were proposed to the minutes of the meeting, then the Secretary shall amend the minutes after the approval of the Chair. In all cases, modification or change that may alter the operative part of the decision, which was voted by the Members or changes its content, may not be made to the minutes of the meeting.
4. The Secretary shall arrange signatures on the minutes of the meeting from the Chair and all the attending Members, then will archive all the documents related to the meeting and will be kept in the Company's head office in secured and fire-safe cabinets.

9. Conflict between the Audit Committee and the Board

If a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or if the Board refuses to approve the Committee's recommendations into action as to appointing or dismissing the Company's External Auditor(s) or determining their remuneration and assessing their performance, or appointing the Internal Audit Director, the Board's report shall include the Committee's recommendations and justifications, and the reasons for not following such recommendations.¹²

10. Members Training

On recommendation from the Nomination & Remuneration Committee, the Board approves an ongoing development program for the Committee Members. The program is based on the annual review of the required skills and abilities, identified weaknesses, and strengths of the Committee Members. The training programs shall include areas such as financial reporting, audit, compliance, internal control, fraud practices, etc. These programs will be regularly updated to reflect shifts in the external market environment, contemporary issues, economic developments, and specific risks relevant to the Committee's responsibilities in line with the Company's strategic goals.

The Secretary coordinates with the Human Resources Department to ensure the approved training programs are organized and executed for the Committee Members.

11. Audit Committee Report ¹³

1. The Committee shall issue a report detailing the performance of its duties and responsibilities as stipulated in the CGR. The report must include its recommendations and an assessment of the adequacy of the Company's internal and financial control systems and risk management systems.

¹² Article 53 of CGR

¹³ Article 88 - CGR

- The Board shall ensure that sufficient copies of the Committee’s report are made available at the Company’s head office and are published on both the Company's website and the Tadawul website concurrent with the publication of the invitation to the General Assembly. A summary of the report will be read during the General Assembly meeting, allowing shareholders full access to the document.

12. Member’s Remunerations

- Committee members are entitled to an annual remuneration and meeting attendance fees, in accordance with the Company’s policies, based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors. This includes the remuneration of the Committee Secretary.
- The remuneration of Committee Members may vary depending on the Members’ experience, expertise, duties he/she undertaken, independence and number of meetings he/she attended, in addition to other considerations.
- The remuneration of Committee Members shall not be a percentage of the profits that are realised by the Company, nor shall it be based directly or indirectly on the Company's profitability.
- Details of the actual remuneration and allowances of Members of the Committee shall be disclosed in the Board of Directors annual report.

13. Expense Reimbursements

The reimbursement of Members expenses such as airfare, hotel stay, local travelling, etc. incurred by the Committee Members in performance of their duties, shall be dealt in accordance with the Company's expense Policy and the terms stipulated in their appointment letter, and subject to the Board’s approval.

14. Document Retention

The Company shall retain all minutes, documents, reports and other papers required to be maintained in the Company's head office for at least ten (10) years. This shall include the Board report and Audit Committee report. Without prejudice to this period, the Company, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

15. Reference Documents

The reference documents are as follows:

Sr No.	Name of Documents
1.	Articles of Association
2.	Delegation of Authority Policy
3.	Confidentiality, Transparency and Disclosure of Information Policy

16. Legislative Background

This Policy has been prepared in accordance with:

- The Corporate Governance Regulations (CGR) issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438H (13/2/2017G), as amended
- The Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, and amended by Resolution of the Board of the Capital Market Authority No. 8-5-2023 dated 25/6/1444H (18/1/2023G), based on the Companies Law issued by Royal Decree No. M/132 dated 1/12/1443H; and
- The laws and regulations applicable to the Middle East Paper Company (MEPCO) as a listed company (Open Joint-Stock Company), as well as its Articles of Association.

17. Disclaimer

The references to laws, regulations, and guidelines in this document, including but not limited to the Corporate Governance Regulations (CGR) issued by the Capital Market Authority (CMA) and the Companies Law of the Kingdom of Saudi Arabia, are provided for informational purposes only. These references are intended to align the policies and procedures of Middle East Paper Company (“MEPCO” or the “Company”) with applicable legal and regulatory requirements. However, this document does not constitute legal advice, nor does it replace or supersede the official texts of the laws, regulations, or guidelines referenced herein.

In the event of any discrepancy or conflict between the content of this document and the official laws, regulations, or guidelines of the Kingdom of Saudi Arabia, the official laws, regulations, and guidelines shall prevail. The Company reserves the right to update or amend this document to ensure continued compliance with any changes in applicable laws, regulations, or governance standards.

--- End of the Document ---

Comparison and New Sections

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
Definitions	<p>“Without prejudice to the definitions contained in the glossary of terms used in the CMA’s regulations and rules, the words and phrases below shall have the meanings shown beside each of them unless the context requires otherwise. Charter: the Audit Committee Charter. Committee: the Audit Committee. Chair: the Chair of the Audit Committee. Member: a member of the Audit Committee (collectively, the “Members”). Secretary: the Secretary of the Audit Committee. Company: Middle East Paper Co. (MEPCO) and its subsidiaries. Board: the Board of Directors of Middle East Paper Co. Authority: the Capital Market Authority. Market: the Saudi Stock Exchange. Companies Law: the Companies Law issued by Royal Decree No. (M/3) dated 28-01-1437H and its amendments. Articles of Association: the Articles of Association of Middle East Paper Co. (MEPCO). Corporate Governance Regulations (CGR): the CGR issued by CMA under Resolution No. 8-16-2017 dated 16/05/1438H (13/02/2017G), as amended. Senior Executives ... Non-Executive Member ... Independent Member ... Conflict of Interest ... External Auditor ...”</p>	Definitions	<p>“Articles/Bylaws: the Articles of Association of Middle East Paper Co. Authority: the Capital Market Authority. Board: the Board of Directors of Middle East Paper Co. Business Day: a business day in the Kingdom per the Authority’s official business days. Chair: Chair of the Audit Committee. Charter: the Audit Committee Charter. Head of Internal Audit: ... (a detailed definition including the case of engaging external service providers). Committee: the MEPCO Audit Committee. Companies Law: Royal Decree (M/132) and its amendments. Company or MEPCO: the Company and all its subsidiaries. Competent Authority: an inclusive definition of relevant regulatory/governmental bodies inside and outside the Kingdom. Conflict of Interest: a situation in which personal interests may conflict with professional duties ... Corporate Governance: the rules that direct and govern the Company ... Corporate Governance Regulations: Resolution 8162017, as amended. Executive/Non-Executive/Independent Member ... Executive Management/Senior Executives ... External Auditor ... General Assembly (Ordinary/Extraordinary) ... Related Party (a detailed enumeration of categories 1–7). Secretary ... Terms in applicable laws and regulations apply to any words not defined in this Charter.”</p>	Amended & expanded

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
Article One: Preamble	“This Charter is prepared to complete the update of MEPCO’s overall governance framework ... The General Assembly issues it ... It includes the rules and procedures of the Committee’s work, its duties, rules for selecting members, their term of office and remuneration, and the temporary appointment mechanism in case of vacancy ... It sets out the rules, standards, decision/recommendation mechanisms, and the duties and responsibilities of the Chair, Members, and Secretary ... to ensure best governance practices and protect shareholders’ and stakeholders’ rights.”	1. Introduction	“This Charter reflects the Company’s commitment to aligning assurance and control functions with regulatory requirements and best practices, ensuring transparency and accountability, and it serves as a guiding reference for the Audit Committee in performing its duties and responsibilities.” 1.1 Scope: “Applies to MEPCO Audit Committee members.” 1.2 Objectives: “Assist the Board in oversight of internal and external audit, internal control, compliance, and fraud management ...” 1.3 Policy Owner: “The Committee, via the Secretary, maintains this Charter and reviews it ... Effective after General Assembly approval and reviewed every four years or as needed.”	Reorganized with “Scope/Objectives/Owner” added
Article Two: Purpose of forming the Committee	“Verify the soundness and integrity of financial reports and statements, adequacy and effectiveness of the Company’s internal control systems, verify compliance ... and assist the Board in its oversight responsibilities.”	1.2 Objectives	“... ensure adequacy of internal audit activities ... management responsiveness ... enhance the value of internal audit ... measure effectiveness of internal controls ... monitor compliance ... ensure responsibilities of relevant parties regarding fraud.”	Core purpose expanded to detailed pillars
Article Three: Committee composition and term	“Formed by General Assembly resolution ... from shareholders or others ... at least one independent member ... and excludes executives ... headcount (3–5) including a financial/accounting specialist ... Chair chosen with majority support of members ... Board Chair or Vice-Chair may not be members ... nor anyone who worked in Finance/Executive Management or	2. Committee Formation + 2.1 Term of Membership + 2.2 Resignation/Termination	“Formed by Board resolution; three to five members, and none are executives; diversity of expertise aligned to objectives; eligibility criteria (leadership/audit/compliance/financial & accounting qualifications); the Board Chair may not be a member; at least one independent member; no membership for anyone who worked during the previous two years in Finance/Executive Management or with the External Auditor; limits on multiple audit-committee memberships; term is four (4) years, renewable; provisions for resignation/termination/notice; appoint a replacement and disclose within 5 Business Days.”	Broader detail + fixed 4-year term

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
	with the External Auditor during the previous two years ... Term: not longer than the Board’s term; may be re-elected ... removal/resignation/interim appointment procedures and notification to the Authority within 5 Business Days ...”			
Article Four: Committee duties and responsibilities	(A) Financial reporting: 1) Review financial statements before Board submission ... 2) Technical opinion on fairness, balance, and understanding of Board report and statements ... 3) Review significant/unusual matters ... 4) Consider issues raised by CFO/Compliance/External Auditor ... 5) Accounting estimates ... 6) Accounting policies ... 7) Asset write-offs ... (B) Internal audit: review internal/financial controls and risk management ... follow-up corrective actions ... oversee Internal Audit performance ... recommend appointing Head of Internal Audit ... (C) External auditor: recommend nomination/dismissal/fees ... verify independence and objectivity ... review the plan ... respond to inquiries ... review reports ... (D) Compliance assurance: review regulator findings ... verify compliance with laws, regulations, and policies ... review related-party transactions ... effectiveness of risk	4. Committee Powers & Authorities + 5. Powers & Responsibilities of the Audit Committee (5.1 Financial reporting, 5.2 Internal audit, 5.3 External auditor, 5.4 Compliance, 5.5 Fraud, 5.6 Studying referred matters, 5.7 Other responsibilities, 5.8 Members’ duties)	4. Powers: access records/documents; request clarifications from Board/Management; request calling the General Assembly in case of impediments or material losses; invite relevant management; investigate complaints and assign internal/external reviews; seek experts with disclosure and conflict-avoidance. 5. Responsibilities: (mirrors the old charter’s pillars with added detail) 5.1 Financial reporting (review statements/significant matters/estimates/policies ...) 5.2 Internal audit (annual plan/quarterly assessment/resources/effectiveness ...) 5.3 External auditor (independence/fairness/no non-audit services/response to inquiries/follow-up of findings) 5.4 Compliance (regulator results/related-party contracts/recommendations) 5.5 Fraud (oversee prevention & deterrence arrangements/take actions/accountability of management and auditors/ensure they discharge their responsibilities) 5.6 Studying matters (disputes with management/fines & penalties/provision of information/review of the annual report at Board request) 5.7 Other responsibilities (coordination with committees/review past minutes/regular meetings with auditors) 5.8 Members’ duties (compliance/attendance/integrity/confidentiality/conflicts/support to the Chair ...).	Comprehensive expansion + explicit “Fraud” pillar

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
	<p>identification and protection procedures ... effectiveness of internal compliance ... whistleblowing e-channels ... recommend appointing Head of Governance & Compliance ... (E) Internal control (details of audit/governance/risk tasks and follow-up) (F) Risk management: set strategy/policies ... determine acceptable risk level ... going-concern assessment over 12 months ... oversee the system ... periodic re-evaluation ... detailed reporting to the Board ... recommendations to the Board ... resources, structure, organization, independence, and promoting a risk culture.</p>			
Article Five: Chair's duties	<p>"Call the Committee to meet ... supervise ... ensure information sufficiency ... sound decisions ... monitor implementation ... attend the General Assembly or delegate a Member ..."</p>	6. Committee Chair (6.1 Appointment, 6.2 Chair's duties)	<p>"Election/appointment of the Chair ... Duties: oversee the Committee's work and run meetings; plan notices/agendas with the Secretary; ensure information sufficiency; present items requiring Board approval; monitor implementation; enable direct access to Management; ensure independence of external advisers; represent the Committee before the Board; attend the General Assembly or delegate."</p>	Duties tightened and expanded
Article Six: Members' duties	<p>"Comply with laws ... honesty/loyalty ... attendance ... impartiality ... sufficient time ... study information ... comply with Company policies, especially conflicts of interest ..."</p>	5.8 Members' Duties	<p>"(Expanded) comply with laws/regulations/Articles/Charter; integrity, loyalty, and due care; attend meetings; build skills; study matters; support the Chair; refrain from media statements; maintain confidentiality; disclose conflicts and abstain from voting ..."</p>	Enhanced
Article Seven: Secretary's duties	<p>"Record meetings and prepare minutes ... provide materials ... notify of schedules ... keep documents ... follow-up on</p>	7. Committee Secretary (7.1 Appointment, 7.2 Secretary's duties)	<p>"Appoint the Secretary (may be the Head of Internal Audit or the Board Secretary ...) Duties: ensure readiness; attend without voting rights (if not a member); act as point of contact and information source; administer and update the Charter; flag required changes;</p>	More precise timing & procedures

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
	implementation and coordinate between the Committee, Board, and Management ...”		correspondence; circulate the agenda at least 5 Business Days in advance and receive members’ proposals within 3 days; invite advisers; record minutes/decisions/action items; circulate decisions/minutes; track open issues; submit minutes to the Board; remove materials after meetings; send a decision log; escalate obstacles ...”	
Article Eight: Membership conditions	“Independence from Executive Management ... familiarity with objectives and policies ... expertise ... no kinship with Senior Executives or the External Auditor ... meeting Article Three requirements ...”	2. Formation/Eligibility Conditions	“Reinforced standards of independence, expertise, and qualifications; no membership for anyone with relationships that could affect independence; limits on multiple audit-committee memberships; professional fitness requirements.”	Merged & expanded
Article Nine: Meeting management & attendance	“Chair manages meetings ... record objections in minutes ... who may attend ... no proxy voting ... decisions by majority with casting vote for the Chair ... sign minutes ...”	8. Meetings (8.2 Invitees, 8.3 Meeting procedures, 8.4 Minutes)	“Quorum by majority; participation via modern communication means counts toward quorum; written circular resolutions with all members’ signatures are permitted; invitees may attend without voting rights; objections recorded in minutes; submit the Committee’s recommendations to the Board at its first subsequent meeting; prepare minutes and send within 5 Business Days for review; rules for editing/signing/secure archiving.”	Finer organization + modern channels
Article Ten: Quorum	“Meeting valid by majority ... participation via modern technologies counts toward quorum ...”	8.3 Meeting procedures	“(Included) majority quorum, remote participation, acting Chair if needed, and no proxy voting.”	Reorganized under “Procedures”
Article Eleven: Agenda & meetings	“Secretary sends the draft 10 Business Days before ... members’ proposals within 3 days ... final circulation 5 days before ... at least four meetings annually ... additional meetings as needed ... accurate minute-taking ...”	8.1 Meeting frequency + 8.3 Procedures + 8.4 Minutes	“At least four (4) meetings annually (preferably quarterly); special meetings may be held; quorum/voting; timelines for preparing/reviewing/signing minutes and archiving.”	Harmonized and time-boxed
Article Twelve: Committee powers	“Powers to verify matters within remit ... access records ... request calling the General Assembly when impeded ... recommend appointing Audit/Governance/Compliance/Risk teams ... invite attendees ...”	4. Committee Powers & Authorities	“(Same substance with a more methodical detailing of access/calling/investigation/expert-engagement/disclosure mechanisms).”	Execution mechanisms tightened

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
	investigate complaints confidentially ... seek experts with disclosure and conflict-avoidance ...”			
Article Thirteen: Studying referred matters	“Study referred or in-scope matters ... submit recommendations or decide where delegated ... notify the Committee of disputes with the External Auditor or fines/penalties ... Executive Management and Internal Audit/Governance/Risk must provide information ... Board’s role in integrity of the annual report ...”	5.6 Studying referred matters	“(Same substance) with emphasis on prompt notification of violations/penalties, information completeness, and supporting the Board’s review of the annual report.”	Deadlines/notifications reinforced
Article Fourteen: Reporting decisions/recommendations & follow-up	“Chair notifies the Board at its first following meeting ... Secretary sends follow-up log before each meeting ... Secretary escalates obstacles to the Chair ...”	7.2 Secretary’s duties + 6.2 Chair’s duties	“(Includes circulation, follow-up, submission to the Board, and escalation of obstacles) with specific timeframes.”	Merged with time bounds
Article Fifteen: Conflicts between the Audit Committee and the Board	“If conflict arises between the Committee’s recommendations and the Board’s decisions ... the Board report must include the Committee’s recommendation, justifications, and the reason for not adopting it ...”	9. Conflicts between the Audit Committee and the Board	“(Essentially the same text with organizational rephrasing).”	Substantively unchanged
Article Sixteen: Arrangements for receiving observations	“A confidential mechanism for employees’ observations about irregularities in financial reporting or otherwise ... verification through appropriate independent investigation ... ability to assign internally per the whistleblowing policy ...”	5.7 Other responsibilities	“(Embedded under other responsibilities and mechanisms for complaints, investigation, and follow-up).”	Organizationally embedded
Article Seventeen: Committee annual report	“A report to the General Assembly with details of performance and	11. Audit Committee Report	“(Same substance with confirmations on publication/availability/reading).”	Same substance, updated drafting

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
	mandates ... opinion on adequacy of internal control/financial control/risk management ... copies made available at HQ and websites and a summary read out ...”			
Article Eighteen: Confidentiality	“Chair/Members/Secretary must maintain confidentiality and not misuse/disclose information ... confidentiality of deliberations ... access by regulators/auditor where needed ... obligation continues after membership ends ...”	5.8 Members’ duties + 7.2 Secretary’s duties	“(Confidentiality embedded within individual and administrative duties, with rules on removing materials after meetings).”	Embedded with practical procedures
Article Nineteen: Conflict of interest	“Loans to members prohibited; member duties (honesty/put the Company’s interest first/avoid conflicts/disclose/abstain from voting); prohibitions (voting with an interest; misuse of assets/opportunities; competing with the Company without authorization; accepting gifts that create a conflict) ...”	Definitions (Conflict of Interest) + 5.8 Members’ duties	“Detailed definition + written disclosure recorded in minutes + abstention from discussion/voting.”	Updated and strengthened controls
Article Twenty: Training	“Induction program for new members (strategy/objectives/financial & operational aspects/obligations) + provide electronic copies of the Articles and CGR.”	3. Members’ onboarding & orientation + 10. Members’ training	“Orientation under the Secretary (Company overview/initiatives/Committee introduction/roles/areas under the Committee’s oversight/prior decisions/action items/key documents) + ongoing development program approved by the Board and updated periodically in coordination with HR.”	Expanded and institutionalized
Article Twenty-One: Allowances & remuneration	“Annual remuneration not less than SAR 150k for the Chair and SAR 100k for members + SAR 5,000 meeting allowance ... proportional to meetings ... disclosure in the annual report ... if a member is also a Board member, total remuneration may be higher ...”	12. Members’ remuneration	“Members are entitled to annual remuneration and meeting allowance per Company policies based on NRC recommendation and Board approval (including the Secretary’s allowance); remuneration not directly tied to Company profitability; disclosure in the Board report; differentiation by expertise/duties/independence/number of meetings.”	Explicit linkage to policies & governance

Audit Committee Charter — Comparison and New Sections

Article No./Title (Old Charter – 2017)	Before amendment	Article No./Title (New Charter)	After amendment	Notes
Article Twenty-Two: Review, publication & effectiveness	“Annual review in coordination with Governance ... Charter amendments by GA resolution based on Board recommendation ... effective from the first subsequent GA ... publish on the Company website ... repeal conflicting provisions ... complements governance regulations ... where silent, the Companies Law/CMA rules/Articles/competent authorities’ decisions apply ...”	1.3 Policy Owner	“Review every four years or as needed; effective after General Assembly approval;	Reorganized with legal grounding
-	-	13. Expense Reimbursement	“Reimbursement of members’ expenses (tickets, lodging, local travel ...) is handled under the Expense Policy, per appointment letters and with Board approval.”	New article in the new Charter
-	-	14. Records Retention	“Retain all minutes, documents, and reports at HQ for no less than ten (10) years; where there are claims/complaints/investigations, retention continues until closure.”	New article in the new Charter
-	-	15. Reference Documents	“1) Articles of Association. 2) Delegation of Authority Policy. 3) Confidentiality, Transparency & Disclosure Policy.”	New article in the new Charter
-	-	16. Legislative Background	“Detailed references to: Corporate Governance Regulations (Resolution 8-16-2017 and amendments); Companies Law (M/3 as amended by CMA Resolution 8-5-2023 based on M/132); and the laws and regulations applicable to MEPCO as a listed company and its Articles.”	New article in the new Charter
-	-	17. Disclaimer	“References to laws/regulations are for alignment and do not constitute legal advice; official texts prevail; the Company reserves the right to update/amend the Charter to ensure compliance with regulatory changes.”	New article in the new Charter