

## **Item No. 7**

**Proposed amendments to article (50) of the company's Bylaws relating to (Liability Case)**

Proposed amendment to Article 50 of the Company's Bylaws

Before Amendment	After Amendment
<p><b><u>Article Fifty: Liability Case:</u></b></p> <ol style="list-style-type: none"> <li>The Company may file a liability claim against the manager or members of the Board of Directors for violating the provisions of the law or the Company's Articles of Association or Memorandum of Incorporation, or for any errors, negligence, or shortcomings in performance of their duties that result in damages to the Company. The partners, General Assembly, or shareholders shall decide to file such claim and appoint a representative to act on behalf of the company. If the Company is in liquidation phase, the liquidator shall file the claim. In the event that any liquidation procedures are initiated against the Company under the Bankruptcy Law, the filing of the claim shall be carried out by the legally authorized representative.</li> <li>One or more partners or shareholders representing five percent (5%) of the Company's capital may file the liability claim on behalf of the Company if the Company fails to do so. The primary purpose of filing the claim must be to achieve the Company's interests, the claim must be well-founded, the plaintiff must act in good faith, and must be a partner or shareholder at the time of filing.</li> <li>To file the claim referred to in paragraph (2) of this Article, the Company's manager or members of the Board of Directors, as the case may be, must be notified of the intention to file the claim at least fourteen (14) days prior to the filing date.</li> </ol>	<p><b><u>Article Fifty: Liability Case:</u></b></p> <ol style="list-style-type: none"> <li>The Company may file a liability claim against the manager or members of the Board of Directors <u>or its committees</u> for violating the provisions of the law or the Company's Articles of Association or Memorandum of Incorporation, or for any errors, negligence, or shortcomings in performance of their duties that result in damages to the Company. The partners, General Assembly, or shareholders shall decide to file such claim and appoint a representative to act on behalf of the company. If the Company is in liquidation phase, the liquidator shall file the claim. In the event that any liquidation procedures are initiated against the Company under the Bankruptcy Law, the filing of the claim shall be carried out by the legally authorized representative.</li> <li>One or more partners or shareholders representing five percent (5%) of the Company's capital may file the liability claim on behalf of the Company if the Company fails to do so. The primary purpose of filing the claim must be to achieve the Company's interests, the claim must be well-founded, the plaintiff must act in good faith, and must be a partner or shareholder at the time of filing.</li> <li>To file the claim referred to in paragraph (2) of this Article, the Company's manager or members of the Board of Directors, as the case may be, must be notified of the intention to file the claim at least fourteen (14) days prior to the filing date.</li> </ol>

4. A shareholder may file a personal claim against the manager or members of the Board of Directors if the error committed by them causes specific damage to that shareholder.

4. A shareholder may file a personal claim against the manager or members of the Board of Directors or its committees if the error committed by them causes specific damage to that shareholder.

## **Item No. 8**

### **Proposed amendments to Audit Committee Charter**

## Proposed Amendments to Audit Committee Charter

Before Amendment	After Amendment
<p><b><u>Article one: Definitions</u></b></p> <ol style="list-style-type: none"> <li>1. Companies law: The Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH.</li> <li>2. Capital Market Law: The Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH.</li> <li>3. Corporate Governance Regulations: The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438 AH corresponding to 13/2/2017 AD, based on the Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437 AH, as amended by the Capital Market Authority Board Resolution No. 8-5-2023 dated 25/6/1444 AH corresponding to 18/1/2023 AD, based on the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH.</li> <li>4. Company: <b>Fawaz Abdul-Aziz Al HOKAIR &amp; Co. (Cenomi Retail)</b></li> <li>5. Board of Directors: The Company Board of Directors.</li> <li>6. The Committee : Audit Committee of the Board of Directors.</li> <li>7. Secretary: Committee Secretary.</li> <li>8. Executive Management / Senior Executives: Persons entrusted with managing the company's daily operations, and proposing and implementing strategic decisions, such as the CEO, his deputies and the financial manager.</li> <li>9. Shareholders: company's shareholders.</li> <li>10. General Assembly: An association formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.</li> <li>11. Independent Member: A non-executive board member enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in Article 20 of the Corporate Governance Regulations apply to him.</li> </ol>	<p><b><u>Article1: Definitions</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Affiliates:</b> A person who controls another person, or is controlled by that other person, or is jointly controlled by that other person by a third person. In any of the above, control is direct or indirect</li> <li>2. <b>Articles of Association:</b> The Articles of Association of the Company</li> <li>3. <b>Board of Directors or Board:</b> The Company's Board of Directors</li> <li>4. <b>Capital Market Law:</b> The Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH, as amended from time to time</li> <li>5. <b>Chief Executive Officer:</b> CEO of the Company</li> <li>6. <b>Companies Law:</b> The Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH</li> <li>7. <b>Corporate Governance Regulations:</b> The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438 AH corresponding to 13/2/2017 G, based on the Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437H, as amended by the Capital Market Authority Board Resolution No. 8-5-2023 G dated 25/6/1444 H corresponding to 18/1/2023 G, based on the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 H</li> <li>8. <b>Committee:</b> The Audit Committee formed by the Board of Directors</li> <li>9. <b>Company:</b> AFG International Company</li> <li>10. <b>Corporate Governance:</b> Rules for the leadership and direction of the Company that include mechanisms to regulate the various relations between the Board, executive directors, shareholders and stakeholders, by setting special rules and procedures to facilitate the decision-making process and impart transparency and credibility to it in order to protect the rights of shareholders and stakeholders and achieve justice, competitiveness and transparency in the market and business environment</li> <li>11. <b>Day:</b> A calendar day, whether it is a business day or not</li> </ol>

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| <p>12. Rewards: Amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other benefits in kind, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the Board of Directors for the purpose of performing his work.</p> <p>13. Person: Any natural or legal person recognized by the laws of the Kingdom as such.</p> <p>14. Member: Member of the audit committee.</p> <p>15. Day: A calendar day whether a working day or not.</p> <p>16. Relatives or Kinship:</p> <ul style="list-style-type: none"> <li>- Fathers, mothers, grandfathers, grandmothers, even if they are ancestors.</li> <li>- Children and their children, even if descendants.</li> <li>- Full siblings, paternal or maternal siblings.</li> <li>- Husbands and wives.</li> </ul> | <p>12. <b>Executive Director:</b> A member of the Board who is full-time in the executive management of the company and participates in its daily business</p> <p>13. <b>Executive Management or Senior Executives:</b> Persons entrusted with managing the company's daily operations, and proposing and implementing strategic decisions, such as the CEO, and his/her delegates and the CFO</p> <p>14. <b>General Assembly:</b> An assembly formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association</p> <p>15. <b>Holding Company:</b> A Joint Stock Company or simplified Joint Stock Company or Limited Liability Company that establishes companies or owns stake or shares in existing companies that become subsidiaries thereof in accordance with the provisions of the Companies Law and its implementing regulations</p> <p>16. <b>Independent Member:</b> a non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 19 of Corporate Governance Regulations apply to him/her</p> <p>17. <b>Market:</b> The Saudi market Exchange (Tadawul) where securities, that have been registered and offered pursuant to Part 4 of the Rules on the Offer of Securities and Continuing Obligations, are traded.</p> <p>18. <b>Member:</b> A member of the Audit Committee</p> <p>19. <b>Non-executive member:</b> A member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities</p> <p>20. <b>Person:</b> any natural or legal person that is recognized as such under the laws of the Kingdom.</p> <p>21. <b>Relatives or kinship</b></p> <ul style="list-style-type: none"> <li>- Fathers, mothers, grandfathers and grandmothers (and their ancestors)</li> <li>- Children and grandchildren and their descendants</li> <li>- Siblings, maternal and paternal half-siblings</li> <li>- Husbands and wives</li> </ul> |
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	<p><b>22. Related parties</b></p> <ol style="list-style-type: none"> <li>1) affiliates of the Company except for wholly owned companies;</li> <li>2) substantial shareholders of the Company;</li> <li>3) directors and senior executives of the Company;</li> <li>4) directors of affiliates of the Company;</li> <li>5) directors and senior executives of substantial shareholders of the Company;</li> <li>6) any relatives of persons described at (1), (2), (3) or (5) above;</li> <li>7) any company controlled by any person described at (1), (2), (3), (5) or (6) above</li> </ol> <p><b>23. Remuneration:</b> Amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Company to enable the Board member to perform his duties</p> <p><b>24. Secretary:</b> The Secretary of the Committee</p> <p><b>25. Substantial Shareholder:</b> Anyone who owns (5%) or more of the company's shares or voting rights therein</p> <p><b>26. Stakeholders:</b> any person who has an interest in the Company, including employees, creditors, customers, suppliers and the community</p> <p><b>27. The Authority:</b> Capital Market Authority</p> <p><b>28. The Exchange:</b> The Saudi Stock Exchange (Tadawul)</p> <p><b>29. The Group:</b> When referring to a person, means the person and his affiliates</p>
<p><b><u>Article Two: Preamble</u></b></p> <p>This regulation defines the controls and procedures for the work of the audit committee, its functions, the rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and the mechanism for temporarily appointing its members in the event of a vacancy in one of the committee's seats companies.</p>	<p><b><u>Article 2: Purpose</u></b></p> <ol style="list-style-type: none"> <li>1) The purpose of this Charter is to define the role, authority and responsibility of the Committee.</li> <li>(2) The purpose of the Committee is to assist the Board in overseeing the integrity of financial reporting, the effectiveness of internal control and risk management policies and systems, and the</li> </ol>

	<p>independence and effectiveness of internal audit, external audit and the risk management function thereby protecting the interests of shareholders and stakeholders.</p> <p>(3) This Charter has been prepared in accordance with the KSA Laws.</p> <p>(4) This Charter shall be read together with the Company’s Delegation of Authority. Any approvals and delegations shall be exercised within the limits, thresholds and processes set out in the Delegation of Authority.</p>
<p><b><u>Article Three: Formation of the Committee</u></b></p> <p>1. An Audit Committee shall be formed by a decision of the Company’s Board of Directors, consisting of shareholders or others, provided that none of the members are executive board members. The number of Audit Committee members shall not be less than three and not more than five, and at least one of them must be specialized in financial and accounting affairs.</p> <p>2. At least one member of the committee must be specialized in financial and accounting affairs, and the member is considered specialized in financial and accounting affairs if any of the following conditions are met:</p> <p>A. A doctorate degree in accounting or its equivalent and a practical experience in the field of accounting and auditing of at least two years, reduced to one year if he holds a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification approved by the body.</p> <p>B. A master’s degree in accounting or its equivalent and a practical experience in the field of accounting and auditing for no less than five years, reduced to three years if he holds a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification approved by the authority.</p>	<p><b><u>Article 3: Composition of the Committee and Member Selection</u></b></p> <p>(1) By a decision of the Board, a Committee called the Audit Committee shall be formed as follows:</p> <p>(a) The Committee shall comprise not fewer than three (3) and not more than five (5) Members, Provided that no executive Directors Is among its members, with at least one (1) Committee member being independent member.</p> <p>(b) The Chairman of the Committee may be an independent Member and shall be appointed at the first meeting of the Committee after its formation.</p> <p>(c) The Chairman of the Board of Directors may not be a member or the Chair of the Committee.</p> <p>(d) At least one member of the committee must be specialized in financial and accounting affairs, and the member is considered specialized in financial and accounting affairs if any of the following conditions are met:</p> <p>(i) A doctorate degree in accounting or its equivalent and a practical experience in the field of accounting and auditing of at least two years, reduced to one year if he holds a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification approved by the body.</p> <p>(ii) A master’s degree in accounting or its equivalent and a practical experience in the field of accounting and auditing for no less than five years, reduced to three years if he holds a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification approved by the authority.</p>

C. A bachelor's degree in accounting or its equivalent and a practical experience in the field of accounting and auditing of not less than seven years, reduced to five years if he holds a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification approved by the authority.

3. A person who works or has worked during the past two years in the executive or financial management of the company, or with the company's external auditor, may not be a member of the audit committee.

4. The Chairman of the Board of Directors may not be a member of the Audit Committee.

5. Its members are nominated based on a proposal from the Nominations and Remunerations Committee, including the names of the candidates for the committee's membership, and it is submitted to the Board of Directors, so that the Board of Directors will recommend to the General Assembly the names of the candidates for membership of the Committee to be formed by the Assembly.

6. At least half of the Audit Committee members must be independent members or those who do not meet the independence impairment criteria.

7. The Company's General Assembly shall issue—based on the Board of Directors' proposal—the Audit Committee Work Regulations, which must include the controls and procedures for the committee work and tasks, rules for selecting its members, nomination procedures, term of membership, their remuneration, and the mechanism for temporarily appointing members in case of a vacant seat.

A member of the Audit Committee must not hold membership in the audit committees of more than five publicly listed joint-stock companies in the Market simultaneously.

9. Audit Committee members shall be appointed for a term not exceeding four years.

(iii) A bachelor's degree in accounting or its equivalent and a practical experience in the field of accounting and auditing of not less than seven years, reduced to five years if he holds a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification approved by the authority.

(iv) A person who works or has worked during the past two years in the executive or financial management of the company, or with the company's external auditor, may not be a member of the audit committee.

(2) One or more of the members should have experience in relation to risk management.

(3) The Board shall retain the authority to amend the composition, including the chair and vice chair, or responsibilities of the Committee, if deemed in the Company's best interest.

**Article Four: Vacant position**

In case of a vacancy in any seat of the committee during its term due to death, resignation, disability, or a member’s request to be relieved from the committee membership, the Board of Directors shall appoint, based on the recommendation of the Nomination and Remuneration Committee, another member to the vacant position, provided that the appointed member has sufficient experience and meets the committee membership criteria. The member may be reappointed for another term.

**Article 4: Procedures for Appointing and Removing Members**

- (1) The term of membership of the Committee may not exceed the term of service of the Board.
- (2) In the event of a vacancy due to death, resignation, disability, or removal from membership of the Committee at the request of the member, the Board, on the recommendation of the Nominations and Remuneration Committee, appoints another Member to occupy the vacant position, taking into account the conditions to be met by the Member.
- (3) Any member of the Committee may be removed or replaced by a decision of the Board where deemed appropriate, and particularly for the following:
  - (a) Abuse by the Member of his position in the Committee or misconduct that the Board considers harmful to the objectives and reputation of the company in general and the committee in particular.
  - (b) Absence of a Member from attending three (3) consecutive meetings without an excuse accepted by the Board.
  - (c) Absence of any of the membership conditions that must be met by the Member as set out in Article 3 (1) above.
- (4) The Company shall notify the Authority of the names of the Members and their membership descriptions upon appointment and any changes to membership that occur as required by the KSA Laws within five (5) working days from the date of appointment.
- (5) A member of the Audit Committee must not be a member of the audit committees of more than five (5) publicly listed joint-stock companies in the Market simultaneously.

**Article Five: Exemption from Committee Membership**

Any member of the Committee may be exempted by a decision of the Board of Directors based on the recommendation of the Board of Directors in the following cases:

**Article 5: Duties and Responsibilities**

- (1) The Committee plays a pivotal role in supporting the Board carry out its duties. The following is an explanation of the tasks that represent the usual activities of the Committee to carry out its responsibilities. These functions serve as a guide and the Committee may undertake additional tasks and adopt additional policies and procedures appropriate to changes in commercial, legislative, regulatory, legal, or other aspects.

1- Abuse by the member of his position in the committee or misconduct that the board considers harmful to the objectives and reputation of the company in general and the committee in particular.

2- Absence of a member from attending three consecutive meetings without an excuse accepted by the Board of Directors.

3- Absence of any of the membership conditions that must be met by the member.

(2) The Committee may also assume any other responsibilities or tasks assigned to it by the Board from time to time and related to the purpose of the Committee:

**(a) Financial reports:**

- (i) Studying the company's initial and annual financial statements before submitting them to the Board of Directors and expressing its opinion and recommendation in this regard to ensure its integrity, fairness and transparency.
- (ii) Expressing a technical opinion - at the request of the Board of Directors - on whether the report of the Board of Directors and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.
- (iii) Studying any important or unfamiliar issues included in the financial reports.
- (iv) Research carefully into any issues raised by the company's financial manager, or whoever undertakes his duties, the company's compliance officer, or the external auditor.
- (v) Verifying the accounting estimates in the material issues mentioned in the financial reports.
- (vi) Studying the accounting policies followed in the company and expressing an opinion and recommendation to the Board of Directors in this regard.
- (vii) Review announcements and press releases for the approval of the Board related to quarterly and yearly financial reporting, procedural and business matters, major transactions and other material topics, and approve internal and external PR messages for any material related to the Authority.
- (viii) Review and recommend quarterly and annual statutory accounts to the Board for approval.

**(b) Internal Audit:**

- (i) Studying and reviewing the internal and financial control and risk management systems in the company.
  - (ii) Studying the internal audit reports and following up on the implementation of the corrective measures for the notes contained therein.
  - (iii) Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the company - if any - to verify the availability of the necessary resources and their effectiveness in performing the tasks and tasks assigned to them. If the company does not have an internal auditor, the committee must submit its recommendation to the Board regarding the need for his appointment.
  - (iv) Recommending to the Board of Directors the appointment and removal of the Internal Audit Chief and suggesting his remuneration.
  - (v) Recommend Internal Audit's systems and policies to the Board for approval.
  - (vi) Review and recommend systems and policies relating to internal audit within its remit to the Board for approval.
- (c) External Auditor:**
- (i) Recommending to the Board the nomination and dismissal of the external auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.
  - (ii) Verify the external auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into consideration the relevant rules and standards.
  - (iii) Reviewing the Company's external auditor's plan and his works, and verifying that he did not submit technical or administrative works outside the scope of audit work, and expressing its views in this regard.
  - (iv) Answer the Company's external auditor's inquiries.
  - (v) Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

**(d) Compliance & Regulatory Oversight:**

- (i) Reviewing the results of the reports of the regulatory authorities and verifying that the company has taken the necessary measures in this regard.
- (ii) Verify the company's compliance with the relevant laws, regulations, policies and instructions.
- (iii) Reviewing proposed contracts and transactions with related parties (with or without conflict of interest), including procurement agreements, and reporting to the Board of Directors, and referring such matters for inclusion on the General Assembly agenda for approval, in accordance with applicable regulations.
- (iv) Submitting any issues it deems necessary and recommended actions to be taken to the Board for consideration.

**(e) Risk Management**

- (i) Assist the Board in developing the risk management strategy and policies, monitor their implementation and review based on the Company's operating environment.
- (ii) Determine and maintain acceptable levels of risk and ensure that these limits are not breached.
- (iii) Ensure the feasibility of the Company's continuation, the successful continuity of its activities and determine the risks that could threaten its existence during the coming twelve (12) months.
- (iv) Oversee the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring areas of inadequacy.
- (v) Regularly reassess the Company's ability to take risks and be exposed to such risks (through stress tests as an example).
- (vi) Approve the Company's risk assessment and mitigation/remediation plans.
- (vii) Report to the Board on risk exposures and recommend measures to manage such risks.
- (viii) Make recommendations to the Board on matters relating to risk management.
- (ix) Ensure the availability of adequate resources and systems for risk management.

	<ul style="list-style-type: none"> <li>(x) Review the organizational structure for risk management and provide recommendations to the Board for approval.</li> <li>(xi) Verify the independence of the risk management employees from activities that may expose the Company to risk.</li> <li>(xii) Ensure that the risk management employees understand the risks threatening the Company and seek to raise awareness of the culture of risk.</li> <li>(xiii) Review any issues arising from financial reporting and activities that may affect the Company's risk management.</li> <li>(xiv) Endorse risk assessment and mitigation or remediation plans for Board approval</li> </ul> <p><b>(f) Other</b></p> <ul style="list-style-type: none"> <li>(i) Review the formation and liquidation of any new subsidiary for the approval of the Executive Committee.</li> <li>(ii) Review and recommend the merger or amalgamation or the formation of a JV with another company for Board approval.</li> <li>(iii) Prepare a report including details of its performance in terms of Regulations, as well as its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company, with this report being available at the Company's head office, and published on the Company's and the Exchange's websites with the invitation to the General Assembly. A summary of the report shall be read at the General Assembly.</li> </ul>
<p><b><u>Article Six: The Committee's Terms of Reference, Powers and Responsibilities:</u></b></p> <p>The Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of its reports, financial statements and internal control systems. The committee's tasks include in particular the following:</p>	<p><b><u>Article 6: Powers of the Committee</u></b></p> <ul style="list-style-type: none"> <li>(1) The Board and the Executive Management shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it, including providing the Committee with all data, information, reports, records, correspondence, or other matters that the Committee deems important to have access to fulfil its remit.</li> <li>(2) The Committee is authorized - in the performance of its oversight role - to investigate any matter</li> </ul>

A - Financial reports:

1- Studying the company's initial and annual financial statements before submitting them to the Board of Directors and expressing its opinion

and recommendation in this regard to ensure its integrity, fairness and transparency.

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

3- Studying any important or unfamiliar issues

included in the financial reports.

4- Research carefully into any issues raised by the company's financial manager, or whoever undertakes his duties, the company's compliance officer, or the external auditor.

5- Verifying the accounting estimates in the material issues mentioned in the financial reports.

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

B- Internal Audit:

1- Studying and reviewing the internal and financial control and risk management systems in the company.

2- Studying the internal audit reports and following up on the implementation of the corrective

it is aware of, with full and complete access to all data, information, reports, records, correspondence, facilities and employees in the company.

- (3) The Committee may seek the assistance of experts and specialists from inside or outside the company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, with the name of the expert and his relationship with the company or the executive management.
- (4) The Committee has the right to request a meeting with it or any of its members, any manager or employee of the company, or the external auditor of the company.
- (5) The Committee has the authority to appoint any research company or any other consultant as it deems necessary in order to carry out its tasks, and it also has the authority to agree to the fees of the proxy and any other conditions related to it and to ask the company to pay those fees.

measures for the notes contained therein.

3- Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the company - if any – to verify the availability of the necessary resources and their effectiveness in performing the tasks and tasks assigned to them. If the company does not have an internal auditor, the committee must submit its recommendation to the Board regarding the need for his appointment.

4- Recommending to the Board of Directors the appointment of the director of the internal audit unit or department or the internal auditor and suggesting his remuneration.

C- External Auditor:

1- Recommending the Board of Directors to nominate and dismiss external auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.

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

3- Reviewing the company's external auditor's plan and his works, and verifying that he did not submit technical or administrative works outside the scope of audit work, and expressing its views in this regard.

4- Answer the company's external auditor's inquiries.

5- Studying the external auditor's report and his notes on the financial statements and following up on what was taken in their regard.

<p>D- Guarantee of commitment:</p> <p>1- Reviewing the results of the reports of the regulatory authorities and verifying that the company has taken the necessary measures in this regard.</p> <p>2- Verify the company's compliance with the relevant laws, regulations, policies and instructions.</p> <p>3- Reviewing the contracts and transactions proposed to be tested by the company with related parties, and presenting its views in this regard to the Board of Directors.</p> <p>4- Submitting any issues it deems necessary to take action on to the Board of Directors, and presenting its recommendations for the actions to be taken.</p>	
<p><b><u>Article Seven: The Committee's Work Method</u></b></p> <p>The committee prepares an annual work plan that includes a description of the work it will undertake during the next year in the form of work programs in which the estimated cost and the period required to complete each program are estimated, and this plan is submitted to the Council for approval.</p>	<p><b><u>Article 7: Committee's Work Method and Reporting to the Board</u></b></p> <p>(1) The Committee shall prepare an annual work plan that includes a description of the work it will undertake during the next year in the form of work programs in which the estimated cost and the period required to complete each program are estimated, and this plan is submitted to the Board for approval.</p> <p>(2) The Committee shall ensure the submission of accurate, complete, and timely reports to the Board, in accordance with the following mechanism:</p> <p>(a) The Committee shall submit periodic reports on its activities, recommendations, and any challenges it encounters.</p> <p>(b) These reports shall be presented at Board meetings for review, approval, or guidance.</p> <p>(c) The Board shall review the minutes of the Committee meetings to ensure compliance with delegated responsibilities.</p>

	<p>(d) The Board may request clarifications or amendments to the Committee’s recommendations as necessary.</p>
<p><b><u>Article Eight: Conflict between the Committee and the Board of Directors</u></b></p> <p>If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to accept the Committee’s recommendation regarding the appointment and dismissal of the company’s external auditor, determining his fees, evaluating his performance, or appointing the internal auditor, the Board of Directors’ report must include the Committee’s recommendation and its justifications, and the reasons for not taking them.</p>	<p>Removed</p>
<p><b><u>Article Nine: Providing the Committee with information</u></b></p> <ol style="list-style-type: none"> <li>1. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it, including informing the Committee, without any restrictions, on all data, information, reports, records, correspondence, or other matters that the Committee deems important to have access to.</li> <li>2. The company’s executive management shall provide the members of the board of directors, non-executive members in particular, and the company’s committees with all the necessary information, data, documents and records, provided that they are complete, clear, true, not misleading and in a timely manner; To enable them to perform their duties and tasks.</li> </ol>	<p><b><u>Article 8: Committee Meetings</u></b></p> <ol style="list-style-type: none"> <li>(1) The Committee meets on the dates specified by the Committee Chairman or at the request of any two of its members.</li> <li>(2) The Committee meets periodically at least (4) four times during the Company’s financial year and whenever needed.</li> <li>(3) The Committee Chair, with the support of the Committee Secretary, shall prepare the agenda for each meeting, and the agenda together with all relevant papers shall be circulated to Committee members at least five (5) days in advance of the meeting. Meetings may be held physically, virtually, or in a hybrid format, provided that all members can hear and be heard contemporaneously. The Committee shall also adopt and approve an annual calendar of business to ensure structured and timely consideration of its responsibilities.</li> <li>(4) The Chairman of the Committee presides over all meetings, and a majority of members is required for the validity of the Committee meeting. Each Committee member has one vote. If a quorum is present, the majority present at any meeting is entitled to act on behalf of the Committee.</li> </ol>

	<ul style="list-style-type: none"> <li>(5) The Committee issues its decisions by a majority vote of the attendees, and in the event of an equality of votes, the Chairman has the casting vote.</li> <li>(6) The Committee shall meet periodically with the company's external auditor and internal auditor.</li> <li>(7) The internal auditor and the external auditor may request a meeting with the Audit Committee whenever the need arises.</li> <li>(8) No one, including board members and executive management, other than the members of the Committee, and the Committee's Secretary, is entitled to attend its meetings unless the Committee invites them to attend.</li> <li>(9) The Committee may seek the assistance of experts and specialists inside or outside the company within the limits of its powers, provided that this is included in the minutes of the Committee's meeting, with the name of the expert and his relationship with the company or the executive management.</li> <li>(10) All deliberations and decisions of the Committee are recorded in the minutes of the meeting, then reviewed and signed by the chairman and secretary of the Committee. All actions arising from the meeting will be recorded and tracked for follow-up.</li> </ul>
<p><b><u>Article Ten: Committee Reports</u></b></p> <p>The Audit Committee shall prepare an estimate that contains the details of its performance of its functions and functions stipulated in the Companies Law and its Executive Regulations and includes its recommendations and opinion on the adequacy of the company's internal control system.</p> <p>2- The board of directors must deposit sufficient copies of this report at the company's head office and publish it on the company's website and the market's website when publishing the</p>	<p><b><u>Article 9: Functions of the Committee Chairman, Vice-Chairman and Secretary</u></b></p> <ul style="list-style-type: none"> <li>(1) The members of the Committee shall elect from among themselves a Chairman and may elect a vice chairman as deputy of the Committee for the duration of the Committee's term. The vice chairman assists the chairman in performing his duties and takes his place in his absence.</li> <li>(2) The Chairman of the Committee shall supervise the Committee's accomplishment of its tasks, in particular the following: <ul style="list-style-type: none"> <li>(a) Convening a meeting and specifying the time, date and place of each Committee meeting and the agenda, in coordination with the Committee members.</li> <li>(b) Presiding over the Committee's meetings.</li> </ul> </li> </ul>

invitation to convene the general assembly, at least twenty-one days before the date of the general

assembly, to provide each shareholder who wishes with a copy A summary of the report is read during the General Assembly.

- (c) Submitting the results of the Committee's work and recommendations to the Board.
  - (d) Preparing the Committee's budget, its work plan, and its projects in the short and long term, in coordination with the Committee's Secretary, and presenting it to the Committee for approval prior to submission to the Board.
  - (e) Preparing periodic reports on the activities of the Committee in coordination with the Committee Secretary and presenting them to the Committee for approval prior to submission to the Board.
  - (f) Representing the Committee before the Board and any other party that requires it.
- (3) The Committee appoints a Committee Secretary and determines his remuneration. The Secretary has the following functions:
- (a) Attending Committee meetings, but not entitled to vote.
  - (b) Circulating the meeting pack including agenda, reports and supporting papers five (5) days prior to scheduled meetings. In exceptional circumstances, materials may be provided closer to the meeting date, subject to the Chair's approval.
  - (c) Preparing the minutes of the meetings and circulating to committee members for review, the minutes shall, at a minimum, clearly recorded, Decisions taken, Decisions deferred, and matters escalated or recommendation submitted to the Board of Directors.
  - (d) Informing the members of the dates of the sessions and the agenda.
  - (e) Carrying out all the administrative work of the Committee.
  - (f) Obligation to maintain the Company's confidential commercial information.
  - (g) Refrain from engaging in any activity that may be in conflict with the Company's interest.
- (4) When selecting the Secretary of the Committee, the Committee should consider that he has the relevant qualifications and practical experience that will enable him to carry out the tasks

	<p>entrusted to him.</p> <p>(5) The Chairman of the Committee or whoever deputizes for him from among its members must attend the general assemblies to answer the shareholders' questions.</p>
<p><b><u>Article Eleven: Committee Meetings</u></b></p> <p>1-The committee meets at the request of at least two members or the request of the internal auditor or external auditor, and the committee meets periodically at least four times during the company's financial year and whenever needed.</p> <p>2- The committee shall meet periodically with the company's external auditor and internal auditor.</p> <p>3- The internal auditor and the external auditor may request a meeting with the audit committee whenever the need arises.</p> <p>4- No one other than the members of the committee except for the committee's secretary is entitled to attend its meetings unless the committee requests hearing his opinion or obtaining his advice.</p> <p>5-For a meeting of the Audit Committee to be valid, the presence of the majority of its members is required, and its decisions are issued by the majority of the votes of those present. And in the event of a tie in votes, the side supported by the chairperson of the meeting shall prevail.</p> <p>6- For the audit committee in order to perform its work:</p> <p>a- The right to access the company's records and documents.</p> <p>b- To request any clarification or statement from the members of the board of directors or the executive management.</p>	<p><b><u>Article 10: Documenting Meetings</u></b></p> <p>(1) The Committee's meetings must be documented, and minutes must be prepared that include the discussions and deliberations that took place, the Committee's recommendations and voting results should be documented, kept in a special and organized record, the names of the attending members and any reservations expressed.</p> <p>(2) Draft minutes of each meeting shall be prepared by the Secretary and circulated to all Committee members within seven (7) days of the meeting. The minutes shall be formally approved at the next scheduled Committee meeting, after which they shall be shared with the Board of Directors, unless deemed inappropriate due to the confidential nature of the matters.</p> <p>(3) Once reviewed, the minutes must be signed by the Chairman and Secretary of the Committee. All actions arising from the meeting will be recorded and tracked for follow-up.</p> <p>(4) The Company shall retain disclosure drafts, approval records, timestamps indicating when information was received, form-compliance checklists and Tadawul submission receipts for at least ten (10) years.</p>

<p>c- Ask the board of directors to invite the company's general assembly to convene if the board of directors obstructs its work or the company suffers serious damage or losses.</p> <p>7- The committee may seek the assistance of experts and specialists from inside or outside the company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, with the name of the expert and his relationship with the company or the executive management.</p>	
<p><b><u>Article Twelve: Functions of the Committee Chairman, Vice-Chair and Secretary</u></b></p> <p>1-The members of the committee choose from among themselves a chairman for the term of the committee's membership, and the deputy assists the chairman in performing his duties and replaces him in his absence.</p> <p>2-The chairman of the committee shall supervise the committee's completion of its tasks, and in particular he shall have the following:</p> <p>A. Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, in coordination with the committee members.</p> <p>B. Presiding over committee meetings.</p> <p>C. Preparing periodic reports on the activities of the committee in coordination with the committee's secretary and presenting them to the committee in preparation for submission to the board of directors after being approved by the committee.</p> <p>D. Preparing the committee's budget, work plan and projects in the short and long term, in coordination with the committee's secretary, and presenting it to the committee as a prelude to submitting it to the board of directors, after being approved by the committee.</p>	<p><b><u>Article 11: Remuneration of Committee Members</u></b></p> <p>(1) A Committee member shall be entitled to an allowance for attending sessions for each meeting, and a Committee member shall be entitled to annual remuneration in accordance with the approved remuneration policy and the relevant rules and regulations.</p> <p>(2) The remuneration of the Committee members shall be disclosed in the annual report of the Board of Directors to the General Assembly.</p>

E. Representing the committee before the council and before any other party that requires representing before it.

3. The committee appoints a secretary for it and determines his remuneration, who is concerned with the following:

- A. Attending committee meetings, but not entitled to vote.
- B. Preparing the minutes of the meetings, and notifying the members of the sessions' dates and agenda.
- C. Carrying out all the administrative work of the committee.
- D. Obligation to preserve the company's secrets.
- E. Refrain from engaging in any activity that may be in conflict with the company's interest.
- F. When selecting the committee's secretary, it should be taken into account that he has the scientific qualification and practical experience that will enable him to carry out the tasks assigned to him.

4. The chairman of the committee or whoever he deputizes from among its members must attend the general assemblies to answer the shareholders' questions.

**Article Thirteen: Documentation of Committee Meetings**

The committee's meetings must be documented and minutes must be prepared that include the discussions and deliberations that took place, the committee's recommendations and voting results should be

**Article 12: Induction and Evaluation**

- (1) All Members of the Committee shall receive formal induction and ongoing training relating to Committee's responsibilities, including relevant regulatory developments.
- (2) The Committee shall conduct an annual self-assessment of its effectiveness. Key findings and improvement actions shall be reported to the Board and incorporated into updates of the Committee Charter, as appropriate.

<p>documented, kept in a special and organized record, the names of the attending members and the reservations they made –if any– and these minutes should be signed by all the members present.</p>	
<p><b><u>Article Fourteen: Arrangements for submission of Comments:</u></b></p> <p>The Audit Committee shall establish a mechanism that allows employees of the company to submit their observations regarding any abuse in financial or other reports in confidence. The committee must verify the application of this mechanism by conducting an independent investigation commensurate with the extent of the error or abuse and adopting appropriate follow-up procedures.</p>	<p>Removed</p>
<p><b><u>Article Fifteen: Remunerations of Committee Members</u></b></p> <p>1- A committee member is entitled to a fee of SAR 10,000 for attending each committee meeting and an annual remuneration of SAR 100,000. The maximum number of meetings shall not exceed 10 meetings per year, with a minimum total remuneration of no less than SAR 150,000 annually.</p> <p>2- The remuneration of the committee members shall be disclosed in the annual report of the Board of Directors of the General Assembly.</p>	<p><b><u>Article 13: Review of Charter</u></b></p> <p>(1) This Charter shall be reviewed at least annually by the Committee and updated as necessary to reflect regulatory developments, governance best practices, and the evolving needs of the Board, and any material amendments recommended to the Board and Shareholders for approval.</p>
<p><b><u>Article Sixteen: Accreditation and Enforcement</u></b></p> <p>This regulation shall be effective as of the date of its approval by the General Assembly - based on a proposal from the Board of Directors - and it shall be communicated to the concerned parties, and this regulation is reviewed according to the need.</p>	<p><b><u>Article 14: Adoption and Amendment of Charter</u></b></p> <p>(1) The Charter should be effective on the date approved by the General Assembly- based on a proposal from the Board of Directors and it shall be communicated to the concerned parties.</p>

## **Item No. 9**

### **Proposed amendments to Nomination and Remuneration Committee Charter**

## Proposed amendments to Nomination and Remuneration Committee Charter

Before Amendment	After Amendment
<p><b><u>Article One: Definitions</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Companies Law:</b> The Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437 AH.</li> <li>2. <b>The Capital Market Law:</b> The Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH.</li> <li>3. <b>Corporate Governance Regulations:</b> Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/5/1438 AH corresponding to 13/2/2017 AD based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437 AH, as amended by the decision of the Board of the Capital Market Authority No. 1/7/2021 and dated 1/6/1442 AH corresponding to 14/1/2021 AD.</li> <li>4. <b>Company:</b> FAWAZ ABDUL AZIZ AL HOKAIR &amp; PARTNERS CO.</li> <li>5. <b>Board of Directors:</b> The Board of Directors of the company.</li> <li>6. <b>Committee:</b> The Nominations and Remunerations Committee emanating from the Board of Directors.</li> <li>7. <b>Articles of Association:</b> The Articles of Association of the company.</li> <li>8. <b>Secretary:</b> The Secretary of the Committee.</li> <li>9. <b>Executive Management/Senior Executives:</b> Persons entrusted with managing the company's daily operations, proposing and</li> </ol>	<p><b><u>Article1: Definitions</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Affiliates:</b> A person who controls another person, or is controlled by that other person, or is jointly controlled by that other person by a third person. In any of the above, control is direct or indirect</li> <li>2. <b>Articles of Association:</b> The Articles of Association of the Company</li> <li>3. <b>Board of Directors or Board:</b> The Company's Board of Directors</li> <li>4. <b>Capital Market Law:</b> The Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH, as amended from time to time</li> <li>5. <b>Chief Executive Officer:</b> CEO of the Company</li> <li>6. <b>Companies Law:</b> The Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH</li> <li>7. <b>Corporate Governance Regulations:</b> The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438 AH corresponding to 13/2/2017 G, based on the Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437H, as amended by the Capital Market Authority Board Resolution No. 8-5-2023 G dated 25/6/1444 H corresponding to 18/1/2023 G, based on the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 H</li> <li>8. <b>Committee:</b> The Nomination and Remuneration Committee formed by the Board of Directors</li> <li>9. <b>Company:</b> AFG International Company</li> <li>10. <b>Corporate Governance:</b> Rules for the leadership and direction of the Company that include mechanisms to regulate the various relations between the Board, executive directors, shareholders and stakeholders, by setting special rules and procedures to facilitate the</li> </ol>

10. implementing strategic decisions, such as the CEO, his deputies and the financial manager.
11. **Executive Member:** A member of the Board of Directors who is full-time in the executive management of the company and participates in the daily business of the company.
12. **Non-Executive Member:** A member of the Board of Directors who is not fully devoted to managing the company and does not participate in the day-to-day business of the company.
13. **Independent Member:** A non-executive board member who enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in Article 20 of the Corporate Governance Regulations apply to him.
14. **Shareholders:** Shareholders of the company.
15. **General Assembly:** An assembly formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
16. **Remunerations:** amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other benefits in kind, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the Board of Directors for the purpose of performing his work.
17. **Person:** Any natural or legal person recognized by the laws of the Kingdom in this capacity.
18. **Member:** A member of the Nominations and Remunerations Committee.

- decision-making process and impart transparency and credibility to it in order to protect the rights of shareholders and stakeholders and achieve justice, competitiveness and transparency in the market and business environment
11. **Day:** A calendar day, whether it is a business day or not
  12. **Executive Director:** A member of the Board who is full-time in the executive management of the company and participates in its daily business
  13. **Executive Management or Senior Executives:** Persons entrusted with managing the company's daily operations, and proposing and implementing strategic decisions, such as the CEO, and his/her delegates and the CFO
  14. **General Assembly:** An assembly formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association
  15. **Independent Member:** a non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 19 of Corporate Governance Regulations apply to him/her
  16. **Member:** A member of the Nomination and Remuneration Committee
  17. **Non-executive member:** A member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities
  18. **Person:** any natural or legal person that is recognized as such under the laws of the Kingdom.
  19. **Relatives or kinship**
  20. **Related parties**
    - 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;
    - 7) any company controlled by any person described at (1), (2), (3), (5) or (6) above

21. **Remuneration:** Amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Company to enable the Board member to perform his duties
22. **Secretary:** The Secretary of the Committee
23. **Substantial Shareholder:** Anyone who owns (5%) or more of the company's shares or voting rights therein
24. **Stakeholders:** any person who has an interest in the Company, including employees, creditors, customers, suppliers and the community
25. **The Authority:** Capital Market Authority
26. **The Exchange:** The Saudi Stock Exchange (Tadawul)
27. **The Group:** When referring to a person, means the person and his affiliates

**Article Two: Purpose of the Regulations**

This regulation defines the rules and procedures for the work of the Nomination and Remuneration Committee, its tasks, the rules for selecting its members, the term of their membership, and their remuneration. In addition to assisting the Board of Directors in carrying out its oversight duties related to the following:

- Determining the individuals who are qualified for membership in the Board of Directors and who meet the necessary conditions for membership.
- Recommend to the Board of Directors candidates for membership in the Board's committees.
- Supervising all matters related to the wages and remuneration of Board members and executive directors.

**Article 2: Purpose**

- (1) The purpose of the Charter is to define the role, authority and responsibility of the Committee, its functions, the rules for selecting its members, the term of their membership, and their remuneration.
- (2) The purpose of the Committee is to assist the Board in carrying out its oversight duties related to the following:
  - (a) Determining the individuals who are qualified for membership of the Board and who meet the necessary conditions for membership.
  - (b) Recommending candidates to the Board for membership of the Board's committees.

	<p>(c) Supervising all matters related to the wages and remuneration of Board members and executive directors.</p> <p>(3) This Charter has been prepared in accordance with the KSA Laws.</p> <p>(4) This Charter shall be read together with the Company’s Delegation of Authority. Any approvals and delegations shall be exercised within the limits, thresholds and processes set out in the Delegation of Authority.</p>
<p><b><u>Article Three: Composition of the Committee and the rules for selecting its members</u></b></p> <p>By a decision of the Board of Directors, a committee called (the Nominations and Remunerations Committee) shall be formed as follows:</p> <ul style="list-style-type: none"> <li>• The committee consists of at least (3) members who are not members of the executive board of directors, provided that most of them are independent, and it is permissible to seek the assistance of people who are not members of the board, whether they are shareholders or others.</li> <li>• The Chairman of the Nominations and Remunerations Committee shall be an independent member, and shall be appointed at the first meeting of the Committee after its formation.</li> <li>• The members of the committee should have scientific qualification, appropriate practical training, and familiarity with the administrative aspects and the nature of the company’s activity.</li> <li>• The Chairman of the Board of Directors may not occupy the position of Chairman in the Nomination and Remuneration Committee.</li> </ul>	<p><b><u>Article 3: Composition of the Committee and Member Selection</u></b></p> <p>(1) By a decision of the Board of Directors, a Committee called the Nomination and Remuneration Committee shall be formed as follows:</p> <ul style="list-style-type: none"> <li>(a) The Committee shall comprise not fewer than three (3) and not more than five (5) members, all of whom shall not be executive directors, with at least one (1) member being an independent director.</li> <li>(b) The Chairman of the Committee shall be an independent Member and shall be appointed at the first meeting of the Committee after its formation.</li> <li>(c) The Chairman of the Board of Directors may not be the Chair of the Committee.</li> <li>(d) The Members of the Committee should have relevant qualifications, appropriate practical training, and familiarity with the administrative aspects and the nature of the Company’s activities.</li> <li>(e) The Board shall retain the authority to amend the composition, including the chair and vice chair, or responsibilities of the Committee, if deemed in the Company’s best interest.</li> </ul>

**Article Four: Procedures for Appointing and Excluding Committee Members**

- The term of membership of the Nomination and Remuneration Committee may not exceed the term of service of the Board of Directors.
- The membership of a council member in the committee shall be considered expired with the expiry of his membership in the council.
- In the event that one of the committee's seats becomes vacant during its term of office due to death, resignation, disability, or exemption from membership of the committee at the request of the member, the board of directors appoints another member to occupy the vacant position in the committee and complete the term of membership, taking into account the conditions to be met by the member.
- A member of the committee may be reappointed for a second term.
- Any member of the Committee may be removed or replaced by a decision of the Board of Directors at any time it deems appropriate.
- It is permissible to dismiss or replace any member of the Committee by a decision of the Board of Directors when the member is absent for three consecutive meetings without an acceptable excuse, or if the member loses any of the conditions that must be met in the membership of the Committee.
- A committee member may resign from the committee's membership, provided that this is at an appropriate time.
- In the event of appointment of a new member of the Committee; The authority must be notified within five working days from the date of the appointment.
- The company shall notify the Authority of the names of the members of the committee and their membership descriptions upon their appointment and any changes that may occur within

**Article 4: Procedures for Appointing and Removing Members**

- (1) The term of membership of the Committee may not exceed the term of service of the Board.
- (2) In the event of a vacancy due to death, resignation, disability, or removal from membership of the Committee at the request of the member, the Board, on the recommendation of the Nominations and Remuneration Committee, appoints another Member to occupy the vacant position, taking into account the conditions to be met by the Member.
- (3) Any member of the Committee may be removed or replaced by a decision of the Board where deemed appropriate, and particularly for the following:
  - (a) Abuse by the member of his position in the committee or misconduct that the Board considers harmful to the objectives and reputation of the company in general and the committee in particular.
  - (b) Absence of a member from attending three (3) consecutive meetings without an excuse accepted by the Board.
  - (c) Absence of any of the membership conditions that must be met by the Member as set out in Article 3 (1) above.
- (4) The Company shall notify the Authority of the names of the Members and their membership descriptions upon appointment and any changes to membership that occur as required by the KSA Laws within five (5) working days from the date of appointment.

<ul style="list-style-type: none"> <li>• five working days as determined by the Corporate Governance Regulations issued by the Authority.</li> </ul>	
<p><b><u>Article Five: Duties and Responsibilities of the Committee</u></b></p> <ul style="list-style-type: none"> <li>• The committee plays a pivotal role in the board of directors carrying out its duties when nominating new members to the board and its affiliated committees.</li> <li>• The committee seeks to nominate individuals of integrity, honesty, and expertise with a focus on improving long-term shareholder value.</li> <li>• The Committee has overall responsibility for evaluating the plans, policies and programs for the remuneration of Board Members and Executive Directors, including annual base pay, annual incentives, long-term incentives, stock options or other profit-sharing programs, As well as the terms of employment contracts, agreements to terminate the employment relationship, any special or additional benefits, and any other prior conditions, privileges or payments that are considered within wages and rewards under the relevant laws and regulations.</li> <li>• The Committee seeks to attract, motivate, reward and retain members of the Board of Directors and executives who are honest, trustworthy, experienced and focused on improving long-term shareholder value.</li> <li>• The following is an explanation of the tasks that represent the usual activities of the Committee to carry out its responsibilities. These functions serve as a guide to the understanding that the committee may undertake additional tasks and adopt additional policies and procedures appropriate to changes in commercial, legislative, regulatory, legal, or other aspects.</li> <li>• The Committee may also assume any other responsibilities or tasks assigned to it by the Board of Directors from time to time and related to the purposes of the Committee:</li> </ul>	<p><b><u>Article 5: Duties and Responsibilities</u></b></p> <ol style="list-style-type: none"> <li>(1) The Committee plays a pivotal role in supporting the Board in carrying out its duties when nominating new members to the Board and its affiliated Committees. The Committee seeks to recommend to the Board the nomination of individuals of integrity, honesty, and expertise with a focus on improving long-term shareholder value.</li> <li>(2) The Committee has overall responsibility for evaluating the plans, policies and programs for the remuneration of Board Members and Executive Directors, including annual base pay, annual incentives, long-term incentives, stock options or other profit-sharing programs, as well as the terms of employment contracts, agreements to terminate the employment relationship, any special or additional benefits, and any other prior conditions, privileges or payments that are considered within wages and rewards under the relevant laws and regulations.</li> <li>(3) The Committee seeks to attract, motivate, reward and retain members of the Board of Directors and executives who are honest, trustworthy, experienced and focused on improving long-term shareholder value.</li> <li>(4) The Committee has the authority to approve a reduction in the work force as well as approve the overall structure of rewards and privileges.</li> <li>(5) The following are the tasks that represent the usual activities of the Committee to carry out its responsibilities. These functions serve as a guide and the Committee may undertake additional tasks and adopt additional policies and procedures appropriate to changes in commercial, legislative, regulatory, legal, or other aspects. The Committee may also assume any other responsibilities or tasks assigned to it by the Board from time to time and related to the purposes of the Committee:</li> </ol>

1. The Committee shall be responsible for determining the policies and practices of remuneration and remuneration for the company, including the members of the Board of Directors.

2. The Committee shall be responsible for identifying individuals eligible for membership of the Council and makes recommendations to the Council regarding candidates for election as Council members, in accordance with clear policies and criteria.

In the event that there is a vacancy for a member of the Board (including in the event of an increase in the number of Board members), the Committee shall make recommendations for a candidate to fill the position for appointment by the Board.

3. It proposes clear policies and criteria for membership in the Board of Directors and the Executive Management.

4 Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.

5. Determining the time that the member should allocate for the work of the Board of Directors.

6. When nominating, the committee must take into account any factors it deems appropriate, which may include good opinion, skill, diversity, and experience, and not have previously been convicted of a crime against honesty and honor.

To what extent the candidate will be a desirable addition to the Board of Directors or any of the Board committees. The committee may consider - at its absolute discretion - the nomination of individuals proposed by the shareholders or the company's management.

7. The committee reviews the formation of each committee affiliated to the council and submits its recommendations to the council for the appointment of committee members.

(a) The Committee shall be responsible for determining the policies and practices of remuneration and remuneration for the Company, including the members of the Board of Directors.

(b) The Committee is responsible for identifying individuals qualified for Board membership and submitting its recommendations to the Board regarding candidates for election as Board members, in accordance with clear policies and criteria.

(c) In the event that there is a vacancy for a member of the Board (including in the event of an increase in the number of Board members), the Committee shall make recommendations for a candidate to fill the position for appointment by the Board.

(d) The Committee proposes clear policies and criteria for membership for the Board of Directors and the Executive Management.

(e) The Committee prepares a description of the capabilities and qualifications required for membership of the Board and those occupying executive management positions.

(f) The Committee determines the time that the member should allocate for the work of the Board.

(g) When nominating, the Committee takes account of any factors it deems appropriate, which may include good judgment, skill, diversity, and experience, and not having previously been convicted of a crime involving dishonesty or dishonor.

(h) The Committee considers the extent to which the candidate will be a desirable addition to the Board or any of the Board Committees. The Committee may consider - at its absolute discretion - the nomination of individuals proposed by the shareholders or the Company's management.

8. The committee recommends additional members of the committees when needed to fill vacant positions.

9. The committee reviews on an annual basis the necessary needs for skills or appropriate expertise for membership of the Board of Directors and executive management functions.

10. The Committee periodically reviews the structure of the Board of Directors and the Executive Management and makes recommendations regarding changes that can be made.

11. The Committee shall annually verify 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.

12. Develop job descriptions for executive members, non-executive members, independent members and senior executives.

13. The committee assists the board of directors in selecting and evaluating the performance of potential candidates for executive management positions, including the company's CEO, and in overseeing the preparation of succession plans for executive directors.

14. The committee evaluates the performance of the board of directors as a whole on an annual basis and at the same time makes the necessary arrangements for the board to conduct a self-assessment of its performance.

15. The Committee shall prepare a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that such policy is taken into account to follow performance-related standards, disclose them, and verify their implementation.

16. The Committee shall be directly responsible for reviewing and approving the company's objectives related to the remuneration of its CEO, in order to evaluate his performance in

(i) The Committee reviews the formation of each Committee affiliated to the Board and submits its recommendations to the Board for the appointment of Committee members.

(j) The Committee recommends additional members of the Committees when needed to fill vacant positions.

(k) The Committee reviews on an annual basis the necessary needs for skills or appropriate expertise for membership of the Board and executive management functions.

(l) The Committee periodically reviews the structure of the Board and the Executive Management and makes recommendations regarding changes that can be made.

(m) The Committee shall annually verify 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.

(n) The Committee develops and maintains formal job descriptions for Board members, including executive directors, non-executive directors, independent directors, and senior executives. These job descriptions clearly define the roles, responsibilities, time commitments, skills, and behavioural expectations required for each position.

(o) In addition, the Committee shall develop an enhanced job description for the Chair of the Board, reflecting the leadership, governance, and oversight responsibilities associated with the role. The Committee shall also oversee succession planning for the Chair, ensuring the continuity of effective Board leadership and alignment with the Company's long-term strategy.

the light of those objectives on an annual basis. If any long-term incentives are identified, The committee must take into account such factors as the results of the company's business, the relative return to the shareholders and the value of similar incentives for the heads of similar companies.

17. The Committee shall submit its recommendations to the Board of Directors regarding the remuneration of members of the Board, its affiliated committees, and executive directors, incentive plans and equity participation plans.

18. The committee reviews the company's remuneration and wages system, including incentives and dues for termination of the work relationship, and the policies and plans of pensions and benefits for employees who are not managers and senior officials. This system must be in line with the company's human resources strategy.

19. The committee reviews periodically the company's plans related to the recruitment, development, promotion and retention of employees, and these plans must be consistent with the company's human resources strategy.

20. The Committee shall prepare and issue an annual report on the remuneration of the members of the Board and the executive directors and other reports required under the relevant laws and regulations, clarifying the relationship between the granted remuneration and the applicable remuneration policy, with an indication of any material deviation from this policy.

21. The committee periodically reviews the remuneration policy, and evaluates its effectiveness in achieving its objectives.

22. The committee evaluates its performance annually and submits the evaluation results to the board of directors. This evaluation includes performance levels and the extent to which each member is committed to the committee's activities and responsibilities.

- (p) All job descriptions and succession frameworks shall be reviewed periodically and updated as required to reflect evolving governance standards, regulatory requirements, and organizational needs.
- (q) The Committee assists the Board in selecting and evaluating the performance of potential candidates for executive management positions, including the company's CEO, CFO and L2 positions, and in overseeing the preparation of succession plans for executive directors, and the termination and resignation of the CEO and CFO.
- (r) Approve and amend the organization structure for L3 and above and any temporary/transition plans.
- (s) Notify approve and amend the organization structure for L4 and below.
- (t) The Committee shall oversee the Board effectiveness evaluation in accordance with the KSA Corporate Governance Regulation. The Committee shall ensure that an internal evaluation is conducted annually and that an externally facilitated evaluation takes place at least once every three (3) years, in line with regulatory requirements and leading governance practices. The Committee shall review the results of these evaluations, make recommendations for improvement, and monitor the implementation of agreed actions as part of the Board's ongoing development and governance enhancement.
- (u) The Committee shall prepare a clear policy for the remuneration of the members of the Board of Directors and the Committees emanating from the Board and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that such policy is taken into account to follow performance-related standards, disclose them, and verify their implementation.

23. The committee reviews and re-evaluates periodically the adequacy of this regulation and submits to the board of directors its recommendations for the amendments it deems necessary or valuable. The Committee shall conduct such reviews and evaluations in the manner it deems appropriate.

- (v) The Committee shall be directly responsible for reviewing and approving the company's objectives related to the remuneration of its CEO, in order to evaluate his performance in the light of those objectives on an annual basis. If any long-term incentives are identified. The Committee must take into account such factors as the results of the company's business, the relative return to the shareholders and the value of similar incentives for the heads of similar companies.
- (w) The Committee shall submit its recommendations to the Board of Directors regarding the remuneration of members of the Board, its affiliated Committees, and executive directors, incentive plans and equity participation plans.
- (x) The Committee reviews the Company's remuneration and wages system, including incentives and dues for termination of the work relationship, and the policies and plans of pensions and benefits for employees who are not managers or senior officials. This system must be in line with the company's human resources strategy.
- (y) The Committee recommends the annual increases and bonus pool/budget for the approval of the Board.
- (z) The Committee reviews the long term incentive plan for final approval of the Board.
- (aa) The Committee reviews the Company's annual manpower plans including the plans related to the recruitment, development, promotion and retention of employees, and these plans must be consistent with the Company's human resources strategy.
- (bb) The Committee shall prepare and issue an annual report on the remuneration of the members of the Board and the executive directors and other reports required under the relevant laws and regulations, clarifying the relationship between the granted

	<p>remuneration and the applicable remuneration policy, with an indication of any material deviation from this policy.</p> <p>(cc) The Committee periodically reviews the remuneration policy, and evaluates its effectiveness in achieving its objectives.</p>
<p><b><u>Article Six: Powers of the Committee</u></b></p> <ul style="list-style-type: none"> <li>• The board of directors and the executive management shall take the necessary measures to enable the committee to carry out the tasks entrusted to it, including informing the committee. <ul style="list-style-type: none"> <li>• And without any restrictions on all data, information, reports, records, correspondence, or other matters that the Committee deems important to have access to.</li> <li>• The Committee is authorized - in the performance of its oversight role - to investigate any matter it is aware of, with full and complete access to all data, information, reports, records, correspondence, facilities and employees in the company.</li> <li>• And the power to seek the assistance of third parties from experts, auditors or consultants, or to incur other expenses for this purpose that the company will pay to them.</li> <li>• The committee has the right to request a meeting with it or any of its members, any manager or employee of the company, or the external auditor of the company.</li> <li>• The Committee has the exclusive authority to appoint any research company or any other consultant as it deems necessary in order to carry out its tasks, and it also has the exclusive authority to agree to the fees of the proxy and any other conditions related to it and to ask the company to pay those fees.</li> </ul> </li> </ul>	<p><b><u>Article 6: Powers of the Committee</u></b></p> <ol style="list-style-type: none"> <li>(1) The Board and the Executive Management shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it, including providing the Committee with all data, information, reports, records, correspondence, or other matters that the Committee deems important to have access to fulfil its remit.</li> <li>(2) The Committee is authorized - in the performance of its oversight role - to investigate any matter it is aware of, with full and complete access to all data, information, reports, records, correspondence, facilities and employees in the company.</li> <li>(3) The Committee may seek the assistance of experts and specialists from inside or outside the company within the limits of its powers, provided that this is included in the minutes of the committee’s meeting, with the name of the expert and his relationship with the company or the executive management.</li> <li>(4) The Committee has the right to request a meeting with it or any of its members, any manager or employee of the company, or the external auditor of the company.</li> <li>(5) The Committee has the authority to appoint any research company or any other consultant as it deems necessary in order to carry out its tasks, and it also has the authority to agree to the fees of the proxy and any other conditions related to it and to ask the company to pay those fees.</li> <li>(6) The Committee has the authority to recommend to the Board for its approval, the delegation of the Board’s authority to any person.</li> </ol>

<p><b><u>Article Seven: The Committee's Work Method</u></b></p> <p>* The committee prepares an annual work plan that includes a description of the work it will undertake during the next year in the form of work programs in which the estimated cost and the period required to complete each program are estimated, and this plan is submitted to the Board of Directors for approval.</p> <p>* The committee submits its reports to the board of directors after each meeting of the committee, and with regard to any other issues related to the committee's fulfillment of its responsibilities, in addition to any recommendations that the committee deems appropriate.</p> <p>The report may be submitted to the board of directors orally by the chairman of the committee or any of its members who have been entrusted by the committee to submit the report.</p> <p>* The Committee submits periodic reports to the Board of Directors that include the following:</p> <p>A- What works and achievements it has done.</p> <p>B- Deviations, errors or significant weaknesses that were discovered by the committee in the formation of the board of directors or its sub-committees,</p> <p>C- Opinions and recommendations to address deficiencies in order to develop the structure of the Board of Directors and its committees and activate their work.</p>	<p><b><u>Article 7: Committee's Work Method and Reporting to the Board</u></b></p> <p>(1) The Committee shall prepare an annual work plan that includes a description of the work it will undertake during the next year in the form of work programs in which the estimated cost and the period required to complete each program are estimated, and this plan is submitted to the Board for approval.</p> <p>(2) The Committee shall ensure the submission of accurate, complete, and timely reports to the Board, in accordance with the following mechanism:</p> <p>(a) The Committee shall submit periodic reports on its activities, recommendations, and any challenges it encounters.</p> <p>(b) These reports shall be presented at Board meetings for review, approval, or guidance.</p> <p>(c) The Board shall review the minutes of the Committee meetings to ensure compliance with delegated responsibilities.</p> <p>(d) The Board may request clarifications or amendments to the Committee's recommendations as necessary.</p>
<p><b><u>Article 8: Committee meetings</u></b></p> <ul style="list-style-type: none"> <li>The committee meets on the dates specified by the committee chairman or at the request of any two of its members.</li> </ul>	<p><b><u>Article 8: Committee Meetings</u></b></p> <p>(1) The Committee meets on the dates specified by the Committee Chairman or at the request of any two of its members.</p> <p>(2) The Committee meets periodically, and at least every six (6) months during the Company's financial year and whenever needed.</p>

- The committee meets periodically at least every six months, and whenever needed.
  - The committee chairman prepares the agenda for each meeting with the help of the committee's secretary, and as far as possible, it is distributed to all committee members at least one week before the meeting date.
  - When he attends, the chairman of the committee presides over all meetings, and the presence of the majority of its members is required for the validity of the committee meeting. Each committee member has one vote. The majority present at any meeting where a quorum is complete is entitled to act on behalf of the Committee.
  - The committee issues its decisions by a majority vote of the attendees, and in the event of an equality of votes, the side with which the chairman of the meeting voted shall prevail.
  - A committee member is not entitled to delegate another person to attend the committee's meetings on his behalf.
  - No one other than the members of the committee, except for the committee's secretary, has the right to attend its meetings unless the committee requests hearing his opinion or obtaining his advice.
  - The committee may seek the assistance of experts and specialists inside or outside the company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, with the name of the expert and his relationship with the company or the executive management.
  - All deliberations and decisions of the committee are recorded in the minutes of the meeting, then reviewed and signed by the chairman and secretary of the committee.
- (3) The Committee Chair, with the support of the Committee Secretary, shall prepare the agenda for each meeting, and the agenda together with all relevant papers shall be circulated to Committee members at least five (5) days in advance of the meeting. Meetings may be held physically, virtually, or in a hybrid format, provided that all members can hear and be heard contemporaneously. The Committee shall also adopt and approve an annual calendar of business to ensure structured and timely consideration of its responsibilities.
  - (4) The Chairman of the Committee presides over all meetings, and a majority of members is required for the validity of the Committee meeting. Each Committee member has one vote. If a quorum is present, the majority present at any meeting is entitled to act on behalf of the Committee.
  - (5) The Committee issues its decisions by a majority vote of the attendees, and in the event of an equality of votes, the Chairman has the casting vote.
  - (6) No one, including board members and executive management, other than the members of the Committee, and the Committee's Secretary, is entitled to attend its meetings unless the Committee invites them to attend.
  - (7) The Committee may seek the assistance of experts and specialists inside or outside the company within the limits of its powers, provided that this is included in the minutes of the Committee's meeting, with the name of the expert and his relationship with the company or the executive management.
  - (8) All deliberations and decisions of the Committee are recorded in the minutes of the meeting, then reviewed and signed by the chairman and secretary of the Committee. All actions arising from the meeting will be recorded and tracked for follow-up.

- \* The draft minutes of the meeting are distributed as soon as possible to all members of the committee, and once approved, they are distributed to the rest of the board of directors, unless it is inappropriate.

**Article Nine: Functions of the Committee Chair, Vice-Chair and Secretary of the Committee**

- The members of the committee choose from among them a chairperson and a vice-chairman for the duration of the committee’s membership, and the deputy assists the chairman in performing his duties and takes his place in his absence.
- The chairman of the committee shall supervise the committee’s accomplishment of its tasks, in particular the following:

1. Inviting the committee to convene and specifying the time, date and place of each committee meeting and the agenda, in coordination with the committee members.
2. Presiding over the committee's meetings.
3. Submitting the results of the committee's work and recommendations to the Board of Directors.
4. Preparing the committee’s budget, its work plan, and its projects in the short and long term, in coordination with the committee’s secretary, and presenting it to the committee, as a prelude to submitting it to the board of directors after being approved by the committee.
5. Preparing periodic reports on the activities of the committee in coordination with the committee’s secretary and presenting them to the committee in preparation for submission to the board of directors, after being approved by the committee.
6. Representing the committee before the council and any other party that requires it.

**Article 9: Functions of the Committee Chairman, Vice-Chairman and Secretary**

- (1) The members of the Committee shall elect from among themselves a chairman and may elect a vice chairman as deputy of the Committee for the duration of the Committee’s term. The vice chair shall assist the chairman in the performance of his duties and stand in for him in his absence.
- (2) The Chairman of the Committee shall supervise the Committee’s accomplishment of its tasks, in particular the following:
  - (a) Convening a meeting and specifying the time, date and place of each Committee meeting and the agenda, in coordination with the Committee members.
  - (b) Presiding over the Committee's meetings.
  - (c) Submitting the results of the Committee's work and recommendations to the Board.
  - (d) Preparing the Committee’s budget, its work plan, and its projects in the short and long term, in coordination with the Committee’s Secretary, and presenting it to the Committee for approval prior to submission to the Board.
  - (e) Preparing periodic reports on the activities of the Committee in coordination with the Committee Secretary and presenting them to the Committee for approval prior to submission to the Board.
  - (f) Representing the Committee before the Board and any other party that requires it.

- The committee appoints a secretary for it and determines his remuneration, and he is concerned with the following:
  1. Attending committee meetings, but not entitled to vote.
  2. Preparing the minutes of the meetings, and informing the members of the dates of the sessions and the agenda for the members.
  3. Carry out all the administrative work of the committee.
  4. Commitment to maintain the company's secrets.
  5. Refrain from engaging in any activity that may be in conflict with the company's interest.
  6. When selecting the secretary of the committee, it should be taken into account that he has the scientific qualification and practical experience that will enable him to carry out the tasks entrusted to him.
- The chairman of the committee or whoever he deputizes from among its members must attend the general assemblies to answer the shareholders' questions.

- (3) The Committee appoints a Committee Secretary and determines his remuneration. The Secretary has the following functions:
  - (a) Attending Committee meetings, but not entitled to vote.
  - (b) Circulating the meeting pack including agenda, reports and supporting papers five (5) days prior to scheduled meetings. In exceptional circumstances, materials may be provided closer to the meeting date, subject to the Chair's approval.
  - (c) Preparing the minutes of the meetings and circulating to committee members for review, the minutes shall, at a minimum, clearly recorded, Decisions taken, Decisions deferred, and matters escalated or recommendation submitted to the Board of Directors.
  - (d) Informing the members of the dates of the sessions and the agenda.
  - (e) Carrying out all the administrative work of the Committee.
  - (f) Obligation to maintain the Company's confidential commercial information.
  - (g) Refrain from engaging in any activity that may be in conflict with the Company's interest.
- (4) When selecting the Secretary of the Committee, the Committee should consider that he has the relevant qualifications and practical experience that will enable him to carry out the tasks entrusted to him.
- (5) The Chairman of the Committee or whoever deputizes for him from among its members must attend the general assemblies to answer the shareholders' questions.

**Article Ten: Documenting the Committee's Meetings**

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

**Article 10: Documenting Meetings**

- (1) The Committee's meetings must be documented, and minutes must be prepared that include the discussions and deliberations that took place, the Committee's recommendations and voting results should be documented, kept in a special and organized record, the names of the attending members and any reservations expressed.
- (2) Draft minutes of each meeting shall be prepared by the Secretary and circulated to all Committee members within seven (7) days of the meeting. The minutes shall be formally approved at the next scheduled Committee meeting, after which they shall be shared with the Board of Directors, unless deemed inappropriate due to the confidential nature of the matters.
- (3) Once reviewed, the minutes must be signed by the Chairman and Secretary of the Committee. All actions arising from the meeting will be recorded and tracked for follow-up.
- (4) The Company shall retain disclosure drafts, approval records, timestamps indicating when information was received, form-compliance checklists and Tadawul submission receipts for at least ten (10) years.

**Article Eleven: Remunerations of Committee Members**

1- A committee member shall be entitled to an allowance for attending sessions for each meeting, and a committee member shall be entitled to an annual remuneration in accordance with the approved remuneration policy and the relevant rules and regulations.

2- The remuneration of the committee members shall be disclosed in the annual report of the Board of Directors of the General Assembly.

**Article 11: Remuneration of Committee Members**

- (1) A Committee member shall be entitled to an allowance for attending sessions for each meeting, and a Committee member shall be entitled to annual remuneration in accordance with the approved remuneration policy and the relevant rules and regulations.
- (2) The remuneration of the Committee members shall be disclosed in the annual report of the Board of Directors to the General Assembly.

<p><b>New Article</b></p>	<p><b><u>Article 12: Induction and Evaluation</u></b></p> <p>(1) All Members of the Committee shall receive formal induction and ongoing training relating to Committee’s responsibilities, including relevant regulatory developments.</p> <p>(2) The Committee shall conduct an annual self-assessment of its effectiveness. Key findings and improvement actions shall be reported to the Board and incorporated into updates of the Committee Charter, as appropriate.</p>
<p><b>New Article</b></p>	<p><b><u>Article 13: Review of Charter</u></b></p> <p>This Charter shall be reviewed at least annually by the Committee and updated as necessary to reflect regulatory developments, governance best practices, and the evolving needs of the Board, and any material amendments recommended to the Board and Shareholders for approval.</p>
<p><b><u>Article Twelve: Accreditation, Amendment and Enforcement</u></b></p> <p>This policy shall be implemented as of the date of its approval by the General Assembly - based on a proposal from the Board of Directors - and it shall be communicated to the concerned parties, and these regulations are reviewed as necessary.</p>	<p><b><u>Article 14: Adoption and Amendment of the Charter</u></b></p> <p>The Charter should be effective on the date approved by the General Assembly- based on a proposal from the Board of Directors and it shall be communicated to the concerned parties</p>
<p><b>Annex A: Board Effectiveness Assessment Tool</b></p> <p><b>Annex B: Board Member Effectiveness Assessment Tool</b></p> <p><b>Annex C: Nomination and Remuneration Committee</b></p>	<p>Removed the annexes</p>

## **Item No. 10**

**Proposed amendments to Remuneration Policy for Members of the Board of Director and its  
Committees and the Executive Management**

**Proposed amendments to Remuneration Policy for Members of the Board of Directors and it's Committees and the Executive Management**

Before Amendment	After Amendment
<p>Article One: Definitions</p> <p>Company: Fawaz Abdul-Aziz Al HOKAIR &amp; Co.</p> <p>Independent Member: A non-executive board member who is fully independent in his position and decisions and is not subject to any of the independence impairments stated in Article 9 of these Regulations.</p>	<p>Article1: Definitions</p> <p>Company: AFG International Company</p> <p>Independent Member A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 19 Corporate Governance Regulations apply to him/her</p>
<p>Article Two: Preamble</p> <p>This policy sets out the rules, standards, and procedures governing the remuneration of the members of the Board of Directors, its committees, and the executive management. The provisions of this policy shall be applied in a manner consistent with the company's articles of incorporation and the relevant regulations governing the company's operations, without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations, and the Executive Regulations of the Companies Law applicable to listed joint stock companies.</p>	<p>Article 2: Preamble</p> <p>This policy sets out the rules, standards, and procedures governing the remuneration of the members of the Board of Directors, its committees, and the executive management. The provisions of this policy shall be applied in a manner consistent with the company's articles of incorporation and the relevant regulations governing the company's operations, without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations, and the Executive Regulations of the Companies Law applicable to listed joint stock companies.</p> <p>This Policy shall be read together with and applied in accordance with the Company's Delegation of Authority. Any approvals, and delegations shall be exercised strictly within the limits, thresholds and processes set out in the Delegation of Authority.</p> <p>This Policy is adopted pursuant to the Corporate Governance Regulations, including Article 59 on the remuneration policy.</p>
<p>Article Five: Controls for Disbursing and Determining Rewards</p>	<p>Article 5: Controls for Disbursing and Determining Rewards</p> <p>(1) Remuneration must be fair and proportionate to the member's duties, responsibilities, and contributions, as well as the goals set by the Board for the fiscal year.</p>

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| <p>1. Remuneration must be fair and proportionate to the member’s duties, responsibilities, and contributions, as well as the goals set by the Board for the fiscal year.</p> <p>2. Remuneration must be based on a recommendation by the Nomination and Remuneration Committee.</p> <p>3. The Board of Directors shall approve the remuneration of board members, committee members, and senior executives.</p> <p>4. Remuneration must be commensurate with the company’s activity and the skill required to manage it.</p> <p>5. Consideration must be given to the company’s sector, size, and the experience of board members.</p> <p>6. Remuneration must be reasonably sufficient to attract, motivate, and retain qualified and experienced board members.</p> <p>7. Board members may not vote on the remuneration item concerning board members at the General Assembly meetings.</p> <p>8. A member of the Board of Directors may receive remuneration for any additional executive, technical, administrative, or advisory works or roles—based on a professional license—that they are assigned within the company. This shall be in addition to the remuneration they may receive as a Board member or as a member of any committees formed by the Board of Directors.</p> <p>9. Board member remuneration may vary to reflect the member’s expertise, duties, level of independence, attendance at meetings, and other relevant considerations.</p> <p>10. The Board must disclose in its annual report the remuneration policy, the method of its determination, and all financial and in-kind amounts and benefits paid to each board member for any executive, technical, administrative, or advisory works or roles.</p> | <p>(2) Remuneration must be based on a recommendation by the Nomination and Remuneration Committee.</p> <p>(3) The Board of Directors shall approve the remuneration of board members, committee members, and senior executives.</p> <p>(4) Remuneration must be commensurate with the company’s activity and the skill required to manage it.</p> <p>(5) Consideration must be given to the company’s sector, size, and the experience of board members.</p> <p>(6) Remuneration must be reasonably sufficient to attract, motivate, and retain qualified and experienced board members.</p> <p>(7) Any director with a direct or indirect interest in remuneration-related matters shall disclose such interest and abstain from voting, and the interest shall be recorded in the minutes, in accordance with the Companies Law and Implementing Regulation.</p> <p>(8) A member of the Board of Directors may receive remuneration for any additional executive, technical, administrative, or advisory works or roles—based on a professional license—that they are assigned within the company. This shall be in addition to the remuneration they may receive as a Board member or as a member of any committees formed by the Board of Directors.</p> <p>(9) Board member remuneration may vary to reflect the member’s expertise, duties, level of independence, attendance at meetings, and other relevant considerations.</p> <p>(10) The Board must disclose in its annual report the remuneration policy, the method of its determination, and all financial and in-kind amounts and benefits paid to each board member for any executive, technical, administrative, or advisory works or roles.</p> <p>(11) The Company is committed to fair and equitable remuneration regardless of gender or other non-performance related characteristics and will monitor internal pay equity and publish required disclosures.</p> |
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Article Six: Remuneration of Board Members

1. The remuneration of Board members may consist of a fixed amount, attendance allowances, in-kind benefits, or a specific percentage of net profits. It is permissible to combine two or more of these benefits.

2. In accordance with Article 21 of the Company's Articles of Incorporation, the remuneration of a Board member consists of an annual amount of SAR 200,000 (Two Hundred Thousand Saudi Riyals), in addition to SAR 15,000 (Fifteen Thousand Saudi Riyals) for each meeting personally attended. If the meeting is held remotely using modern audio-visual communication technologies or any other electronic means deemed appropriate by the Board, an amount of SAR 15,000 shall be paid for each meeting.

3. If the remuneration of Board members is based on a percentage of profits, the following must be observed:

a. The remuneration of independent Board members must not be a percentage of the company's profits or directly or indirectly linked to the company's profitability.

b. The specific percentage of net profits shall be determined based on a recommendation from the Nomination and Remuneration Committee, provided the company achieves profits, and it must be presented to the General Assembly for approval without contradicting the Company's Articles of Incorporation or any other applicable regulations.

4. The company shall bear the costs of travel, accommodation, and transportation for all members of the Board, its committees, and executive management, as follows:

a. The company shall book business class tickets for members residing outside the region where the meeting is held (domestic or international). If unavailable, first-class tickets will be booked. If a member purchases the ticket personally, they shall be reimbursed SAR 2,000 for domestic flights or SAR 5,000 for international flights.

Article 6: Remuneration of Board Members

(1) In accordance with Article 23 of the Company's Articles of Association, the remuneration of a Board member consists of a specified amount and an attendance allowance for meetings, or as determined by the General Assembly.

(2) The remuneration of the Board of Directors consists of an annual amount of SAR 200,000 for each member, in addition to an attendance allowance of SAR 10,000 for each meeting. This remuneration shall be calculated from the date of the member's appointment. The attendance allowance also applies to meetings held remotely.

(3) If the remuneration of Board members is based on a percentage of profits, the following must be observed:

(a) Remuneration for the Chair and non-executive directors shall be limited to fixed fees, committee fees, and reasonable expenses; it shall not include share options or performance-related elements. Independent directors' remuneration shall not be linked, directly or indirectly, to Company profitability.

(b) The specific percentage of net profits shall be determined based on a recommendation from the Nomination and Remuneration Committee, provided the company achieves profits, and it must be presented to the General Assembly for approval without contradicting the Company's Articles of Incorporation or any other applicable regulations.

(4) The company shall bear the costs of travel, accommodation, and transportation for all members of the Board, its committees, and executive management, as follows:

(a) The company shall book business-class tickets for members residing outside the region where the meeting is held (domestic or international). If unavailable, first-class tickets will be booked. If a member purchases the ticket personally, they shall be reimbursed SAR 2,000 for domestic flights or SAR 5,000 for international flights.

(b) The company shall provide accommodation for up to two nights for members residing outside the region where the meeting is held (within or outside the Kingdom).

<p>b. The company shall provide accommodation for up to two nights for members residing outside the region where the meeting is held (within or outside the Kingdom). Accommodation shall be in an executive room in a five-star hotel. If paid by the member, a reimbursement of SAR 2,000 per night shall be made, up to a maximum of two nights. If the meeting is held outside the Kingdom and the member books directly, SAR 3,000 per night shall be reimbursed, up to two nights.</p> <p>c. The company shall provide meals and transportation for members residing outside the region where the meeting is held (inside or outside the Kingdom). If this cannot be arranged, the member shall be compensated SAR 2,000 per meeting within the Kingdom. If the meeting is held outside the Kingdom and the member covers meals and transportation, SAR 5,000 shall be reimbursed per meeting.</p> <p>5. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all amounts received by Board members during the fiscal year, including remuneration, expense allowances, and other benefits. It must also disclose any amounts received by members in their capacity as employees or executives, or for technical, administrative, or consulting work. Additionally, it must include the number of Board meetings and the number of meetings attended by each member since the last General Assembly meeting.</p>	<p>Accommodation shall be in an executive room in a five-star hotel. If paid by the member, a reimbursement of SAR 2,000 per night shall be made, up to a maximum of two nights. If the meeting is held outside the Kingdom and the member books directly, SAR 3,000 per night shall be reimbursed, up to two nights.</p> <p>(c) The company shall provide meals and transportation for members residing outside the region where the meeting is held (inside or outside the Kingdom). If this cannot be arranged, the member shall be compensated SAR 2,000 per meeting within the Kingdom. If the meeting is held outside the Kingdom and the member covers meals and transportation, SAR 5,000 shall be reimbursed per meeting.</p> <p>(5) The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all amounts received by Board members during the fiscal year, including remuneration, expense allowances, and other benefits. It must also disclose any amounts received by members in their capacity as employees or executives, or for technical, administrative, or consulting work. Additionally, it must include the number of Board meetings and the number of meetings attended by each member since the last General Assembly meeting.</p>
<p>Article Seven: Remuneration of Board Committees and Secretaries</p> <p>1. The remuneration of the Audit Committee members, formed by the Board, consists of an annual amount of SAR 100,000 for each member, in addition to an attendance allowance of SAR 10,000 for each meeting personally attended, with a maximum of 10 compensated meetings per year.</p> <p>2. The remuneration of members of other committees consists of an annual amount of SAR 75,000, in addition to an attendance allowance of SAR 5,000 for each meeting personally</p>	<p>Article 7: Remuneration of Board Committees and Secretaries</p> <p>(1) The remuneration of the Audit Committee members, consists of an annual amount of SAR 100,000 for each member, in addition to an attendance allowance of SAR 5,000 for each meeting, with a maximum of 10 compensated meetings per year.</p> <p>(2) The remuneration of members of other committees consists of an annual amount of SAR 75,000, in addition to an attendance allowance of SAR 5,000 for each meeting, with a maximum of 10 compensated meetings per year.</p>

<p>attended, with a maximum of 10 compensated meetings per year and a minimum total remuneration not less than SAR 75,000. This remuneration shall be calculated from the date of the Board's approval of the member's appointment. The attendance allowance also applies to meetings held remotely through modern visual, audio, or other electronic communication means.</p> <p>3. The remuneration of the Secretary of the Board of Directors consists of an annual amount of SAR 75,000, in addition to an attendance allowance of SAR 5,000 for each Board meeting.</p> <p>4. The remuneration of the secretaries of Board committees consists of an annual amount of SAR 50,000, in addition to an attendance allowance of SAR 3,000 for each committee meeting.</p> <p>5. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all amounts received by each committee member during the fiscal year, including remuneration, expense allowances, and other benefits.</p>	<p>(3) The remuneration of the Board Committees shall be calculated from the date of the Board's approval of the member's appointment. The attendance allowance also applies to meetings held remotely.</p> <p>(4) The Board shall review committee remuneration annually in light of the Company's financial and operational performance.</p> <p>(5) The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all amounts received by each committee member during the fiscal year, including remuneration, expense allowances, and other benefits.</p> <p>(6) The remuneration of the Board Secretary and the secretaries of Board committees shall be determined by the Board and the relevant committees upon appointment.</p>
<p><b>Article Eight: Remunerations of the Executive Management</b></p> <p>1- At the beginning of each financial year of the company, the Board of Directors works in coordination with the Nominations and Remunerations Committee to determine the main and strategic goals of the company, which the executive management must achieve during the financial year, including performance indicators to measure the extent to which these goals are achieved.</p> <p>2- These goals and indicators are determined for each executive position in the company based on the job level, the tasks and responsibilities assigned to him, his educational qualifications, experience and skills.</p>	<p><b>Article 8: Remunerations of the Executive Management</b></p> <p>(1) At the beginning of each financial year of the company, the Board of Directors works in coordination with the Nominations and Remunerations Committee to determine the main and strategic goals of the company, which the executive management must achieve during the financial year, including performance indicators to measure the extent to which these goals are achieved.</p> <p>(2) These goals and indicators are determined for each executive position in the company based on the job level, the tasks and responsibilities assigned to him, his educational qualifications, experience and skills.</p> <p>(3) The discretionary budget for remuneration is generally determined based on the performance and expected results of the company and the degree of risk, taking into account the practices of other companies in determining remuneration.</p>

<p>3- The discretionary budget for remuneration is generally determined based on the performance and expected results of the company and the degree of risk, taking into account the practices of other companies in determining remuneration.</p> <p>4- During the fiscal year, the Board of Directors continuously monitors the extent to which these objectives are achieved and re-examines them when needed.</p> <p>5- At the end of the fiscal year, performance is evaluated and remuneration is determined by the Nomination and Remuneration Committee and recommended to the Board of Directors for approval.</p>	<p>(4) During the fiscal year, the Board of Directors continuously monitors the extent to which these objectives are achieved and re-examines them when needed.</p> <p>(5) At the end of the fiscal year, performance is evaluated and remuneration is determined by the Nomination and Remuneration Committee and recommended to the Board of Directors for approval.</p> <p>(6) Performance measures shall be balanced between financial, strategic and risk/sustainability metrics relevant to long-term value, with threshold, target and maximum outcomes defined ex-ante. Payouts are contingent on meeting risk and conduct gateways, and the NRC may apply discretion to ensure formulaic outcomes are consistent with Company and individual performance and risk outcomes.</p>
<p>Article Nine: Organizing the granting of shares in the company</p> <p>If the purpose of the company’s purchase of its shares is to allocate them to the company’s employees within the employee stock program, the company must, in addition to other controls related to its purchase of its shares, fulfill the following conditions:</p> <p>1- The company’s articles of association provide that this is permissible.</p> <p>2- Obtaining the approval of the Extraordinary General Assembly on the shares allocated to employees. The assembly may authorize the board of directors to determine the conditions of this program, including the allotment price for each share offered to the employees if it is for a consideration.</p> <p>3- Non-executive members of the Board of Directors shall not be included in the employee stock program, and the executive members may not vote on the decisions of the Board of Directors related to the program.</p>	<p>Article 9: Organizing the granting of shares in the company</p> <p>If the purpose of the company’s purchase of its shares is to allocate them to the company’s employees within the employee stock program, the company must, in addition to other controls related to its purchase of its shares, fulfill the following conditions:</p> <p>(1) The company’s articles of association provide that this is permissible.</p> <p>(2) Obtaining the approval of the Extraordinary General Assembly on the shares allocated to employees. The assembly may authorize the board of directors to determine the conditions of this program, including the allotment price for each share offered to the employees if it is for a consideration.</p> <p>(3) Remuneration for the Chair and non-executive directors shall be limited to fixed fees, committee fees, and reasonable expenses; it shall not include share options or performance-related elements. Independent directors’ remuneration shall not be linked, directly or indirectly, to Company profitability.</p>

	<p>(4) Where share awards are granted, total vesting and holding periods shall normally be five years or more, and a post-employment shareholding policy shall apply to both vested and unvested shares.</p>
<p>Article Ten: Suspension of Rewards Disbursement or Refund</p> <p>1- If the Audit Committee, the Authority, the Board of Directors, or the Nominations and Remunerations Committee finds that the remunerations paid to any member of the Board of Directors or the Executive Management are based on incorrect or misleading information that was presented to the General Assembly or included in the annual report of the Board of Directors, he must return them to the company The company has the right to ask him to return it.</p> <p>2- If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent due to his failure to attend three consecutive meetings of the Board without a legitimate excuse, then this member is not entitled to any rewards for the period following the last meeting he attended, and he must return all the rewards that were paid to him for that period .</p> <p>3- In the event that a member of the Board of Directors or the committees emanating from the Board resigns from his position, when determining the remuneration, his remuneration shall be disbursed in proportion to the period he spent in his position.</p> <p>4- In the event that a member of the Board of Directors or the committees emanating from the Board joins during the fiscal year, when determining the remuneration, his remuneration shall be disbursed in proportion to the period from the date of his appointment until the end of the year.</p>	<p>Article 10: Suspension of Rewards Disbursement or Refund</p> <p>(1) Awards shall be subject to malus and clawback, in the event of material misstatement of results; gross misconduct; failure of risk management/internal controls; regulatory censure; material reputational harm; or error in calculation. Malus may be applied during vesting/deferral; clawback for not less than two years following payment/vesting</p> <p>(2) If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent due to his failure to attend three consecutive meetings of the Board without a legitimate excuse, then this member is not entitled to any rewards for the period following the last meeting he attended, and he must return all the rewards that were paid to him for that period.</p> <p>(3) In the event that a member of the Board of Directors or the committees emanating from the Board resigns from his position, when determining the remuneration, his remuneration shall be disbursed in proportion to the period he spent in his position.</p> <p>(4) In the event that a member of the Board of Directors or the committees emanating from the Board joins during the fiscal year, when determining the remuneration, his remuneration shall be disbursed in proportion to the period from the date of his appointment until the end of the year.</p> <p>(5) In the event that a member of the executive management resigns from his position, he is not entitled to claim the annual bonus, which will be paid after the effective date of his resignation.</p> <p>(6) In the event that a member of the executive management is appointed during the fiscal year, when determining the remuneration, his remuneration shall be disbursed in</p>

<p>5- In the event that a member of the executive management resigns from his position, he is not entitled to claim the annual bonus, which will be paid after the effective date of his resignation.</p> <p>6- In the event that a member of the executive management is appointed during the fiscal year, when determining the remuneration, his remuneration shall be disbursed in proportion to the period from the date of his appointment until the end of the year, provided that this period is not less than three months.</p>	<p>proportion to the period from the date of his appointment until the end of the year, provided that this period is not less than three months.</p> <p>(7) Termination payments for executives shall be limited to contractual entitlements and statutory end-of-service benefits under the Labour Law. No payments shall reward failure. Payments shall be subject to mitigation where appropriate and offset by earnings from alternate employment during the notice period.</p>
<p>Article Eleven: certification and application</p> <p>1- This policy shall be implemented as of the date of its approval by the General Assembly, and it shall be communicated to the concerned parties. The Board of Directors reviews this policy as necessary and based on a recommendation from the Nominations and Remunerations Committee, and it shall not be amended except with the approval of the General Assembly.</p> <p>2- This policy is published on the company's website in order to enable the relevant parties to view this policy or any other means of publication that the Board of Directors deems appropriate.</p>	<p>Article 11: certification and application</p> <p>(1) This policy shall be implemented as of the date of its approval by the General Assembly, and it shall be communicated to the concerned parties. The Nomination and Remuneration Committee shall recommend; the Board of Directors shall approve this Policy in accordance with the Delegation of Authority prior to submission to the General Assembly where required by law.</p> <p>(2) This policy is published on the company's website in order to enable the relevant parties to view this policy or any other means of publication that the Board of Directors deems appropriate.</p> <p>(3) Disclosures to the Exchange shall comply with the Listing Rules and be made in Arabic and English. The annual report shall disclose the malus/clawback triggers, applicable periods, and whether the provisions were used in the reporting period.</p>

## **Item No. 11**

**Proposed amendments to Board of Directors Membership Policies, Standards and Procedures**

## Proposed amendments to Board Membership Polices, Standards and Procedures

Before Amendment	After Amendment
<ul style="list-style-type: none"> <li>- Company: Fawaz Abdul-Aziz Al HOKAIR &amp; Co.</li> <li>- Independent Member: A non-executive board member who is fully independent in his position and decisions and is not subject to any of the independence impairments stated in Article 9 of these Regulations.</li> </ul>	<ul style="list-style-type: none"> <li>- Company: AFG International Company</li> <li>- Independent Member A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Article 19 of Corporate Governance Regulations apply to him/her</li> </ul>
<p>Article Two: Preamble</p> <p>This policy outlines the standards and procedures of membership in the Board of Directors. The provisions herein shall be applied in alignment with the Company's Articles of Incorporation and the relevant governing laws and regulations applicable to the company's operations, without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations, the Executive Regulations of the Companies Law for listed joint-stock companies, and other applicable regulations.</p>	<p>Article 2: Preamble</p> <p>(1) This policy outlines the standards and procedures of membership in the Board of Directors. The provisions herein shall be applied in alignment with the Company's Articles of Incorporation and the relevant governing laws and regulations applicable to the company's operations, without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations, the Executive Regulations of the Companies Law for listed joint-stock companies, and other applicable regulations.</p> <p>(2) This Policy shall be read together with and applied in accordance with the Company's Delegation of Authority. Any approvals, and delegations shall be exercised strictly within the limits, thresholds and processes set out in the Delegation of Authority.</p> <p>(3) This Policy is adopted pursuant to the Corporate Governance Regulations, including Articles 16-18 on the formation of the board.</p>
<p>Article Five: Conditions for Membership in the Board of Directors</p> <p>A Board Member must be professionally competent, possessing the experience, knowledge, skills, and independence necessary to effectively carry out their duties. The General Assembly shall, when electing board members, take into account the</p>	<p>Article 5: Conditions for Membership in the Board of Directors</p> <p>(1) A Board Member must be professionally competent, possessing the experience, knowledge, skills, and independence necessary to effectively carry out their duties. The General Assembly shall, when electing board members, take into account the recommendations of the Nomination and</p>

recommendations of the Nomination and Remuneration Committee and ensure the availability of the necessary personal and professional qualifications to perform their duties effectively. In particular, the member should possess the following:

1. The candidate for board membership must not been previously convicted of a crime involving dishonesty or breach of trust, nor be insolvent or bankrupt, or otherwise disqualified from board membership according to any applicable laws or regulations in the Kingdom.
2. That he shall not be a member of the board of directors of more than five listed joint-stock companies simultaneously.
3. The board member shall represent all shareholders and comply with acting in the best interest of the company as a whole, rather than serving the interests of the group he represents or that voted for his appointment to the board.
- 4- Ensure that independent members make up at least one-third of the Board members.
- 5- An independent member must enjoy full independence in his position and decisions, and none of the independence impairments stipulated in Article (19) of the Corporate Governance Regulations shall apply to him.
- 6- Leadership Ability: This means that he should possess leadership skills that qualify him to delegate authority in a way that motivates performance, implements best practices in effective management, and adheres to professional values and ethics.
- 7- Competence: Possess appropriate academic qualifications, professional and personal skills, training, and practical experience relevant to the company's current and future activities, or in management, economics, accounting, law, or governance; and demonstrate a willingness to learn and train.

Remuneration Committee and ensure the availability of the necessary personal and professional qualifications to perform their duties effectively. In particular, the member should possess the following:

- (a) The candidate for board membership must not been previously convicted of a crime involving dishonesty or breach of trust, nor be insolvent or bankrupt, or otherwise disqualified from board membership according to any applicable laws or regulations in the Kingdom.
- (b) That he shall not be a member of the board of directors of more than five listed joint-stock companies simultaneously.
- (c) The board member shall represent all shareholders and comply with acting in the best interest of the company as a whole, rather than serving the interests of the group he represents or that voted for his appointment to the board.
- (d) Ensure that independent members make up at least one-third of the Board members.
- (e) An independent member must enjoy full independence in his position and decisions, and none of the independence impairments stipulated in Article (19) of the Corporate Governance Regulations shall apply to him.
- (f) Leadership Ability: This means that he should possess leadership skills that qualify him to delegate authority in a way that motivates performance, implements best practices in effective management, and adheres to professional values and ethics.
- (g) Competence: Possess appropriate academic qualifications, professional and personal skills, training, and practical experience relevant to the company's current and future activities, or in management, economics, accounting, law, or governance; and demonstrate a willingness to learn and train.
- (h) Guidance Capability: Possess technical, leading and managerial capabilities, be quick in decision-making, understand technical requirements related to the work progress, and the ability to provide strategic direction with a clear future planning and vision.
- (i) Financial Knowledge: Be capable of reading and understanding financial statements and reports.
- (j) Physical Fitness: Not suffering from any health condition that may impede him from the

8- Guidance Capability: Possess technical, leading and managerial capabilities, be quick in decision-making, understand technical requirements related to the work progress, and the ability to provide strategic direction with a clear future planning and vision.

9- Financial Knowledge: Be capable of reading and understanding financial statements and reports.

10- Physical Fitness: Not suffering from any health condition that may impede him from the performance of duties and specialties.

11- Have experience in fields related to the company's business.

12- Have experience in global markets and familiarity with international business norms and practices.

13- Exercising duties within the prescribed authorities: A member of the Board of Directors must perform his duties and exercise his powers in managing and directing the company's affairs within the limits of the authorities granted to him, in accordance with the provisions of the Companies Law and its executive regulations, the company's Articles of Incorporation, and other relevant regulations, all aimed at achieving the purposes for which those authorities were granted.

14- Acting in the best interest of the company and enhancing its success: A member of the Board of Directors must commit to the following:

- a. Act in good faith to serve the interests of the company and all shareholders, without prioritizing his personal interests before the interests of the company and its shareholders, while taking into account the rights of other stakeholders.
- b. Ensuring to exert every effort that would enhance the company's success and growth, and maximize its value for the benefit of its shareholders in the long term.

15- Decision-making or voting independently: A member of the Board of Directors must perform his duties objectively and independently with regard to the company

performance of duties and specialties.

- (k) Have experience in fields related to the company's business.
- (l) Have experience in global markets and familiarity with international business norms and practices.
- (m) Exercising duties within the prescribed authorities: A member of the Board of Directors must perform his duties and exercise his powers in managing and directing the company's affairs within the limits of the authorities granted to him, in accordance with the provisions of the Companies Law and its executive regulations, the company's Articles of Incorporation, and other relevant regulations, all aimed at achieving the purposes for which those authorities were granted.
- (n) Acting in the best interest of the company and enhancing its success: A member of the Board of Directors must commit to the following:
  - (i) Act in good faith to serve the interests of the company and all shareholders, without prioritizing his personal interests before the interests of the company and its shareholders, while taking into account the rights of other stakeholders.
  - (ii) Ensuring to exert every effort that would enhance the company's success and growth, and maximize its value for the benefit of its shareholders in the long term.
- (o) Decision-making or voting independently: A member of the Board of Directors must perform his duties objectively and independently with regard to the company management and decision-making, and must avoid situations that could affect his independence in making decisions or voting on them.
- (p) Exercising reasonable and expected care, diligence, attention, and skill: A member of the Board of Directors must perform his duties and responsibilities in accordance with the Companies Law, the Capital Market Law and their executive regulations, the company's Articles of Incorporation, and other relevant regulations. He must exercise the care and diligence expected of a prudent person, taking into account the general knowledge, skills, and experience possessed by the board member himself, as well as those expected from individuals performing the same functions.

management and decision-making, and must avoid situations that could affect his independence in making decisions or voting on them.

16- Exercising reasonable and expected care, diligence, attention, and skill: A member of the Board of Directors must perform his duties and responsibilities in accordance with the Companies Law, the Capital Market Law and their executive regulations, the company's Articles of Incorporation, and other relevant regulations. He must exercise the care and diligence expected of a prudent person, taking into account the general knowledge, skills, and experience possessed by the board member himself, as well as those expected from individuals performing the same functions.

17- Avoid Conflicts of Interest: A member of the Board of Directors must avoid transactions and situations where he has, or may potentially have, a direct or indirect interest that conflicts or may conflict with the company's interest. He must also comply with the provisions related to conflicts of interest as stipulated in the Companies Law and its executive regulations.

18- Disclosure of any direct or indirect interest in the company's transactions and contracts: A member of the Board of Directors must disclose any direct or indirect interest he has in the company's transactions and contracts as soon as he becomes aware of it. He must comply with the disclosure requirements related to such interests as set forth in the Companies Law and its executive regulations.

19- Prohibition of accepting any benefit granted to him by others in relation to his role in the company: A Board member must not exploit his position, duties, or powers as a member of the Board in whatsoever case, to obtain benefits from others, nor accept any benefit granted to him by others in exchange for performing or refraining from performing a specific act.

20- Commitment to membership terms and conditions: Full compliance with the provisions of the Companies Law, the Capital Market Law, their executive regulations,

- (q) Avoid Conflicts of Interest: A member of the Board of Directors must avoid transactions and situations where he has, or may potentially have, a direct or indirect interest that conflicts or may conflict with the company's interest. He must also comply with the provisions related to conflicts of interest as stipulated in the Companies Law and its executive regulations.
  - (r) Disclosure of any direct or indirect interest in the company's transactions and contracts: A member of the Board of Directors must disclose any direct or indirect interest he has in the company's transactions and contracts as soon as he becomes aware of it. He must comply with the disclosure requirements related to such interests as set forth in the Companies Law and its executive regulations.
  - (s) Prohibition of accepting any benefit granted to him by others in relation to his role in the company: A Board member must not exploit his position, duties, or powers as a member of the Board in whatsoever case, to obtain benefits from others, nor accept any benefit granted to him by others in exchange for performing or refraining from performing a specific act.
  - (t) Commitment to membership terms and conditions: Full compliance with the provisions of the Companies Law, the Capital Market Law, their executive regulations, relevant regulations, and the Company's Articles of Incorporation when performing his membership duties on the Board. He must refrain from engaging in or participating in any conduct that constitutes a mismanagement of the company's affairs.
- (2) The Board will maintain and disclose a board skills matrix and a diversity policy covering (among others) gender, experience and background, with objectives and progress reported annually. The Nomination and Remuneration Committee will oversee a diverse candidate pipeline aligned to the Company's strategy.
  - (3) Directors will receive induction and ongoing training relevant to the Company's business and governance developments. The Nomination Remuneration Committee will confirm that each director has sufficient time to discharge duties and will disclose significant external commitments.

relevant regulations, and the Company's Articles of Incorporation when performing his membership duties on the Board. He must refrain from engaging in or participating in any conduct that constitutes a mismanagement of the company's affairs.

**Article Six: Membership Procedures in the Board of Directors**

1- The Nomination and Remuneration Committee shall coordinate with the company's executive management to announce the opening of nominations for membership in the Company's Board of Directors at least ninety (90) days before the end of the current board term, in accordance with applicable laws and regulations.

2- The announcement of the opening of board nominations shall be published on the company's website, the Market website, and any other channel specified by the Authority. The nomination window must remain open for at least one month from the announcement date.

3- Every shareholder shall have the right to nominate themselves or one or more persons for board membership, within the limits of their ownership percentage in the company's capital.

4- Shareholders wishing to nominate themselves or others for board membership must:

a. Submit a nomination application (notification) to the company management. This application must include a bilingual (Arabic and English) profile of the candidate, including their CV, qualifications, and professional experience.

b. Complete the required forms issued by the Capital Market Authority in both Arabic and English, which are available on the Authority's website.

c. Provide a copy of the national ID card/family card (if available), commercial registration for companies or institutions, and the candidate's contact information.

**Article 6: Membership Procedures in the Board of Directors**

(1) The Nomination and Remuneration Committee shall coordinate with the company's executive management to announce the opening of nominations for membership in the Company's Board of Directors in accordance with applicable laws and regulations.

(2) The Company will make timely announcements on the Saudi Exchange in accordance with the Listing Rules and the Rules on the Offer of Securities and Continuing Obligations, including opening of nominations, candidate list and General Assembly election results, and will maintain candidate dossiers at its head office and website.

(3) Every shareholder shall have the right to nominate themselves or one or more persons for board membership, within the limits of their ownership percentage in the company's capital.

(4) Shareholders wishing to nominate themselves or others for board membership must:

(a) Submit a nomination application (notification) to the company management. This application must include a bilingual (Arabic and English) profile of the candidate, including their CV, qualifications, and professional experience.

(b) Complete the required forms issued by the Capital Market Authority in both Arabic and English, which are available on the Authority's website.

(c) Provide a copy of the national ID card/family card (if available), commercial registration for companies or institutions, and the candidate's contact information.

(d) A separate record of significant and major achievements accomplished by the candidate in board memberships previously held or in senior executive and administrative positions held over the past ten years and current work.

(e) A statement of the boards of directors of companies the candidate has been a member of and

d. A separate record of significant and major achievements accomplished by the candidate in board memberships previously held or in senior executive and administrative positions held over the past ten years and current work.

e. A statement of the boards of directors of companies the candidate has been a member of and their respective tenures, accompanied by a certified letter from each company indicating the membership period, the number of meetings held in each term, the member's attendance rate at those meetings, the committees arising from the board in which the member participated, their attendance rates, and a summary of the financial results achieved by the companies during each year of the tenure.

f. A statement of joint-stock companies in which the candidate still holds membership.

g. A statement of companies in which the candidate participates in management or ownership and that conduct activities similar to the company's business.

h. The candidate must provide an accredited Arabic translation of any documents or papers written in a foreign language.

i. The candidate must submit his application to the company through the available communication channels announced by the company on its website, the Market website, and other official communication channels designated by the company.

5- The candidate must disclose to the board and the general assembly any conflict of interest, including:

a- Having a direct or indirect interest in the businesses and contracts conducted on behalf of the company for which he seeks nomination to the Board of Directors.

b- Participation in any activity that competes with the company or competes with it in any of its lines of business.

their respective tenures, accompanied by a certified letter from each company indicating the membership period, the number of meetings held in each term, the member's attendance rate at those meetings, the committees arising from the board in which the member participated, their attendance rates, and a summary of the financial results achieved by the companies during each year of the tenure.

(f) A statement of joint-stock companies in which the candidate still holds membership.

(g) A statement of companies in which the candidate participates in management or ownership and that conduct activities similar to the company's business.

(h) The candidate must provide an accredited Arabic translation of any documents or papers written in a foreign language.

(i) The candidate must submit his application to the company through the available communication channels announced by the company on its website, the Market website, and other official communication channels designated by the company.

(5) The candidate must disclose to the board and the general assembly any conflict of interest, including:

(a) Having a direct or indirect interest in the businesses and contracts conducted on behalf of the company for which he seeks nomination to the Board of Directors.

(b) Participation in any activity that competes with the company or competes with it in any of its lines of business.

(c) Where a director has a direct or indirect interest in a transaction, the Board shall notify the General Assembly at its next meeting, accompanied by a special report from the Company's auditor prepared in accordance with approved auditing standards. The interested director shall not vote on any decision relating to such transaction.

(6) The candidate must specify his board membership category—whether executive, non-executive, or independent.

(7) The membership nature must be clarified, i.e., whether the member is nominated in his capacity as a shareholder or nominated by a shareholder, mentioning the name of that shareholder.

<p>6- The candidate must specify his board membership category—whether executive, non-executive, or independent.</p> <p>7- The membership nature must be clarified, i.e., whether the member is nominated in his capacity as a shareholder or nominated by a shareholder, mentioning the name of that shareholder.</p> <p>8- The number of candidates for the Board of Directors presented to the General Assembly must exceed the number of available seats so that the General Assembly has the opportunity to choose among the candidates.</p> <p>9- The Nomination Committee shall review the applications and submit its recommendations to the Board regarding the nomination for membership in the Board in accordance with the standards outlined in this policy.</p> <p>10- Convening an ordinary General Assembly meeting to vote on the selection of Board members from among the candidates.</p>	<p>(8) The number of candidates for the Board of Directors presented to the General Assembly must exceed the number of available seats so that the General Assembly has the opportunity to choose among the candidates.</p> <p>(9) The Nomination and Remuneration Committee will evaluate candidates using a documented matrix of skills, experience, independence, integrity, time commitment and potential conflicts, applying a transparent scoring methodology. The Nomination and Remuneration Committee may conduct interviews and reference checks and will document rationales for recommended action. The Nomination and Remuneration Committee shall ensure orderly succession planning for the Board and senior management, including emergency and longer-term plans, and oversee development of a diverse talent pipeline.</p> <p>(10) Convening an ordinary General Assembly meeting to vote on the selection of Board members from among the candidates.</p> <p>(11) Nomination and Remuneration Committee meetings shall be quorate with a majority of members present. Decisions are by majority. Members with conflicts on a candidate must recuse. Minutes shall record deliberations and rationales for recommended action.</p> <p>(12) The Company shall retain candidate applications, independence assessments, conflict declarations, Nomination and Remuneration Committee evaluations and General Assembly minutes for the statutory period, in accordance with the Companies Law and applicable regulations</p>
<p>Article Seven: Board Member Elections</p> <p>1- The company announces on the market’s website information about the candidates for membership of the board of directors when publishing or sending the invitation to hold the general assembly, provided that this information includes a description of the candidates’ experiences, qualifications, skills, jobs and previous and current memberships, and the company must provide a copy of this information on its head office and website.</p>	<p>Article 7: Board Member Elections</p> <p>(1) The company announces on the market’s website information about the candidates for membership of the board of directors when publishing or sending the invitation to hold the general assembly, provided that this information includes a description of the candidates’ experiences, qualifications, skills, jobs and previous and current memberships, and the company must provide a copy of this information on its head office and website.</p> <p>(2) Cumulative voting shall be used to elect the members of the Board of Directors, so that the right to vote per share may not be used more than once.</p>

<p>2- Cumulative voting shall be used to elect the members of the Board of Directors, so that the right to vote per share may not be used more than once.</p> <p>3- Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information the company has announced in accordance with Paragraph (1) of this Article.</p>	<p>(3) Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information the company has announced in accordance with Paragraph (1) of this Article.</p> <p>(4) The Board shall ensure General Assembly agendas separate fundamentally distinct matters and list any related-party items as separate resolutions. General Assembly minutes shall record attendance, shares/votes, resolutions, vote tallies and discussion summaries in accordance with the Companies Law. Minutes shall be signed by the chair, secretary and vote counters.</p> <p>(5) Procedural provisions herein complement internal approval allocations under the Delegation of Authority.</p>
<p>Article Eight: Certification and Application</p> <p>1- This policy shall be implemented as of the date of its approval by the General Assembly, and it shall be communicated to the concerned parties. The Board of Directors reviews this policy from one period to another according to the need and based on a recommendation from the Nominations and Remunerations Committee, and it shall not be amended except with the approval of the General Assembly.</p>	<p>Article 8: Certification and Application</p> <p>(1) This policy shall be implemented as of the date of its approval by the General Assembly, and it shall be communicated to the concerned parties. This Policy shall be interpreted and applied subject to the Company's Delegation of Authority. The Nomination and Remuneration Committee shall review this Policy annually and recommend updates; the Board shall approve this Policy in accordance with the Delegation of Authority prior to submission to the General Assembly where required by law.</p> <p>(2) This policy is published on the company's website in order to enable the relevant parties to view this policy or any other means of publication that the Board of Directors deems appropriate.</p>

## **Item No. 12**

**Proposed amendments to the Standards and Criteria Governing the Licensing of Board Members Who Engage  
in Activities that Compete with the Company's Business**

**Proposed amendments to The Standards and criteria governing the licensing of a Board Member to engage in activities that compete with the Company**

Before Amendment	After Amendment
<p>Article one: Definitions</p> <p>Company: Fawaz Abdulaziz Alhokair &amp; Co.</p>	<p>Article1: Definitions</p> <p>Company: AFG International Company</p>
<p>Article Two: Preamble</p> <p>This policy defines the rules, controls, and procedures for the standards of competition for members of the board of directors for the company’s activities, and the provisions of this policy are applied in accordance with the articles of association and articles of association of the company and the relevant regulations governing the company’s business without prejudice to the provisions of the Companies Law, the Capital Market Law and their implementing regulations, the Corporate Governance Regulations and other related regulations.</p>	<p>Article Two: Preamble</p> <ol style="list-style-type: none"> <li>(1) This policy defines the rules, controls, and procedures for the standards of competition for members of the board of directors for the company’s activities, and the provisions of this policy are applied in accordance with the articles of association and articles of association of the company and the relevant regulations governing the company’s business without prejudice to the provisions of the Companies Law, the Capital Market Law and their implementing regulations, the Corporate Governance Regulations and other related regulations.</li> <li>(2) This Policy operates together with the Company’s Conflicts of Interest Policy, with common registers, notice forms, definitions and review mechanisms.</li> <li>(3) This Policy shall be read together with and applied in accordance with the Company’s Delegation of Authority. Any approvals, and delegations shall be exercised strictly within the limits, thresholds and processes set out in the Delegation of Authority.</li> <li>(4) This Policy is adopted pursuant to the Corporate Governance Regulations, including Article 44 on rules of competing with the company.</li> </ol>

Article Four: Definition of Competition

It is the legal or factual situation in which a person is in a situation in which the suspicion of his competition with one of the company's activities is confirmed or likely, which may result in him obtaining a direct or indirect private interest, benefit or benefit for himself or others, or affect his independence and ability to perform his job duties. and its responsibilities with objectivity, integrity and impartiality

Article 4: Definition of Competition

- (1) It is the legal or factual situation in which a person is in a situation in which the suspicion of his competition with one of the company's activities is confirmed or likely, which may result in him obtaining a direct or indirect private interest, benefit or benefit for himself or others, or affect his independence and ability to perform his job duties. and its responsibilities with objectivity, integrity and impartiality.
- (2) A Competing Activity exists where an external role involves materially similar products, services, geographies, clients or suppliers, or where the member has influence ( $\geq 30\%$  voting rights or right to appoint  $\geq 30\%$  of the administrative body) or access to competitively sensitive information. 'Indirect Interest' and 'Relatives' shall have the meanings assigned under the Implementing Regulation of the Companies Law for Listed Joint Stock Companies and Corporate Governance Regulations.

Article Eight: Procedures for a Board Member's Disclosure of his Desire to Participate in a Competitive Business

- 1.If a member of the Board of Directors or any of its committees wishes to engage in an activity that would compete with the company or with one of its business branches, they must notify the Board of Directors of such competing activities they intend to undertake.
- 2- The Board of Directors, upon being notified of the competing activities a member wishes to undertake, must observe the following:
  - a. The Board shall record this notification in the minutes of the Board meeting.

Article 8: Procedures for a Board Member's Disclosure of his Desire to Participate in a Competitive Business

- (1) If a member of the Board of Directors or any of its committees wishes to engage in an activity that would compete with the company or with one of its business branches, they must notify the Board of Directors of such competing activities they intend to undertake.
- (2) The Board of Directors, upon being notified of the competing activities a member wishes to undertake, must observe the following:
  - (a) The Board shall record this notification in the minutes of the Board meeting.

b. Exclude the interested member from voting on the relevant decision at the level of the Board, its committees, and the shareholders' general assemblies.

c. The Board of Directors shall notify the Ordinary General Assembly at its next meeting of the competing activities undertaken by the Board member or committee member, after verifying that the member is in fact engaging in activities that compete with the company or one of its business segments.

d. Obtain a license from the Company's Ordinary General Assembly permitting the member to engage in such competing activities.

~~3- The Ordinary General Assembly may delegate to the Board of Directors the authority to license a member to engage in the competing activities referred to in Paragraph 2 of Article 27 of the Companies Law. The delegation resolution must specify the competing businesses and activities for which the Board may grant licenses, and the delegation shall be valid for a maximum period of one year from the date of approval by the Ordinary General Assembly or until the end of the term of the authorized Board, whichever comes first.~~

4- Board members are prohibited from voting on resolutions related to granting or revoking such delegation at the General Assembly. A member of the Board of Directors is prohibited from voting on the resolution of the General Assembly or the delegated Board of Directors if he is engaged in an activity that competes with the company or with any of its lines of business.

(b) Exclude the interested member from voting on the relevant decision at the level of the Board, its committees, and the shareholders' general assemblies.

(c) The Board of Directors shall notify the Ordinary General Assembly at its next meeting of the competing activities undertaken by the Board member or committee member, after verifying that the member is in fact engaging in activities that compete with the company or one of its business segments.

(d) Obtain a license from the Company's Ordinary General Assembly permitting the member to engage in such competing activities. Licensing processes under this Policy shall be conducted in accordance with the Companies Law and applied subject to the Delegation of Authority, including any delegations, abstention and committee routing requirements set out therein.

(e) The Board shall present any competing activity to the Ordinary General Assembly as a separate agenda item. Votes shall be recorded by count and included in the minutes. Supporting materials shall be provided with the GA pack as required.

(f) Any member with a direct or indirect interest shall abstain from participating in all Board, committee and General Assembly deliberations and votes concerning the license, its revocation, or decisions on delegation.

(3) The Company shall retain all notices, assessments, Board and General Assembly minutes, authorization resolutions and related correspondence in a Competent Register for the statutory period. The Ordinary General Assembly may delegate the authorisation powers to the Board for a period not exceeding one year or until the end of the term of the delegated Board, whichever is earlier, provided that the resolution specifies the competing businesses and activities that may be authorized. If authorization is refused by the Board or the General Assembly, the member shall resign within the period specified unless the situation is remedied. Where authorization constitutes material information, the

	<p>Company shall disclose it before the next trading session in accordance with the Listing Rules.</p> <p>(4) Board members are prohibited from voting on resolutions related to granting or revoking such delegation at the General Assembly. A member of the Board of Directors is prohibited from voting on the resolution of the General Assembly or the delegated Board of Directors if he is engaged in an activity that competes with the company or with any of its lines of business.</p> <p>(5) No authorization shall be granted where the Competing Activity may impair independence, create confidentiality risks or impose time commitments inconsistent with effective Board service.</p>
<p>Article ten: Responsibility for implementing the policy</p> <p>1- The Board of Directors shall supervise the implementation of these standards and controls.</p> <p>2- The company's board of directors has the power to impose penalties on violators of these standards and controls and to file a criminal and civil lawsuit to claim compensation for damages that may result from the non-compliance of all related parties with them.</p>	<p>Article 10: Responsibility for implementing the policy</p> <p>(1) The Board of Directors shall supervise the implementation of these standards and controls.</p> <p>(2) The company's board of directors has the power to impose penalties on violators of these standards and controls and to file a criminal and civil lawsuit to claim compensation for damages that may result from the non-compliance of all related parties with them.</p> <p>(3) The Nomination and Remuneration Committee shall assess independence and conflicts; the Audit Committee shall monitor registers; the Company Secretary shall maintain the Competition Register, ensure documentation, and report periodically to the Board on licenses granted, refused and breaches. Concerns may be reported through the Company's whistleblowing channels for independent investigation.</p>

Article Eleven: certification and application

- 1- ~~This policy shall be implemented as of the date of its approval by the General Assembly and it shall be communicated to the concerned parties. The Board of Directors shall review this policy according to the need, and it shall not be amended except with the approval of the General Assembly.~~
- 2- This policy is published on the company's website in order to enable the relevant parties to view this policy, and any other means of publication that the Board of Directors deems appropriate.

Article 11: certification and application

- (1) This policy shall be implemented as of the date of its approval by the General Assembly, and it shall be communicated to the concerned parties. The Board of Directors shall review this Policy annually and report to the Ordinary General Assembly on licenses granted, refused or revoked, and on the effectiveness of the controls applied.
- (2) This policy is published on the company's website in order to enable the relevant parties to view this policy, and any other means of publication that the Board of Directors deems appropriate.

## **Item No. 13**

**Proposed amendments to Social Responsibility Policy**

### Proposed amendments to Social Responsibility Policy

Before Amendment	After Amendment
<p>Article one: Definitions</p> <ul style="list-style-type: none"> <li>• Corporate System: The Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437 AH.</li> <li>• Company: Fawaz Abdulaziz Alhokair &amp; Co.</li> <li>• Corporate Governance Regulations: Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/5/1438 AH corresponding to 13/2/2017 AD based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437 AH as amended Decision of the Board of the Capital Market Authority No. 1-7-2021 dated 1/6/1442 AH corresponding to 14/1/2021 AD.</li> <li>• Related Parties: A) Major shareholders of the company. B) Board members of the company or any of its subsidiaries and their relatives. C) Senior executives of the company or any of its subsidiaries and their relatives. D) Board members and senior executives of major shareholders in the company. E) Establishments - other than companies - owned by a member of the Board of Directors or a senior executive or their relatives. f) Companies in which any of the members of the Board of Directors or senior executives or their relatives is a partner.</li> </ul>	<p>Article1: Definitions</p> <ol style="list-style-type: none"> <li>1. Companies Law: The Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH</li> <li>2. Company: AFG International Company</li> <li>3. Controlling Interest: The ability to influence the actions or decisions of another person, directly or indirectly, individually, or collectively with a relative or dependent, through:(a) owning 30% or more of the voting rights in a company.(b) The right to appoint 30% or more of the members of the Board</li> <li>4. Corporate Governance Regulations: The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438 AH corresponding to 13/2/2017 G, based on the Companies Law issued by Royal Decree No. (M/3) dated 28/1/1437H, as amended by the Capital Market Authority Board Resolution No. 8-5-2023 G dated 25/6/1444 H corresponding to 18/1/2023 G, based on the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 H</li> <li>5. Related Parties: 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;7) any company controlled by any person described at (1), (2), (3), (5) or (6) above</li> </ol>
<p>Article Two: Preamble</p> <p>This policy defines the rules, controls, and procedures related to the social responsibility of the company’s activities, and the terms of this policy are applied in accordance with the articles of association and articles of association of the company and the relevant regulations governing</p>	<p>Article Two: Preamble</p> <p>(1) This policy defines the rules, controls, and procedures related to the social responsibility of the company’s activities, and the terms of this policy are applied in accordance with the articles of association of the company and the relevant regulations governing the company’s business</p>

<p>the company’s business without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations, and other related regulations</p>	<p>without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations, and other related regulations.</p> <ol style="list-style-type: none"> <li>(2) The Ordinary General Assembly establishes this Policy based on the Board’s recommendation pursuant to Article 84 of the Corporate Governance Regulations. The Board oversees the Company’s Corporate Social Responsibility strategy and ensures adequate resources.</li> <li>(3) This Policy operates alongside the Professional Conduct Policy, Policy of Regulating the Relationship with Stakeholders, Disclosure Policies and Procedures, Risk and Internal Control Framework and Conflicts of Interest Policy.</li> <li>(4) This Policy shall be read together with and applied in accordance with the Company’s Delegation of Authority. Any approvals, and delegations shall be exercised strictly within the limits, thresholds and processes set out in the Delegation of Authority.</li> <li>(5) This Policy is adopted pursuant to the Corporate Governance Regulations, including Article 84 on social responsibility.</li> </ol>
<p>Article Three: Introduction</p> <p>Based on the company’s keenness to support social values and concepts, and realizing the importance of cooperation and integration with the company’s internal and external environment through contributing to community service, and seeking to establish a balance between its goals and the goals that society aspires to achieve, and the belief of the company’s board of directors and its executive management in the importance of practicing social responsibility Developing and developing this culture to enhance the public interest. The company has committed to developing a strategy and organizational policy to monitor and ensure adherence to social and international standards in this regard, in implementation of Article 87 of the Corporate Governance Regulations.</p>	<p>Article 3: Introduction</p> <ol style="list-style-type: none"> <li>(1) Based on the company’s keenness to support social values and concepts, and realizing the importance of cooperation and integration with the company’s internal and external environment through contributing to community service, and seeking to establish a balance between its goals and the goals that society aspires to achieve, and the belief of the company’s board of directors and its executive management in the importance of practicing social responsibility Developing and developing this culture to enhance the public interest. The company has committed to developing a strategy and organizational policy to monitor and ensure adherence to social and international standards in this regard, in implementation of Article 84 of the Corporate Governance Regulations.</li> </ol>

	<ul style="list-style-type: none"> <li>(2) Corporate Social Responsibility priorities shall be aligned with the Company’s purpose, strategy and risk appetite. CSR objectives will be set based on a documented assessment of material societal and environmental topics relevant to the Company’s operations and stakeholders.</li> <li>(3) The Company will maintain mechanisms to engage employees, customers, suppliers, communities and regulators on Corporate Social Responsibility matters and to receive and address concerns, consistent with its Stakeholder Relations Policy and whistleblowing procedures.</li> <li>(4) The Company will set measurable KPIs and targets for Corporate Social Responsibility initiatives and report performance against baselines.</li> <li>(5) Corporate Social Responsibility activities must comply with the Conflicts of Interest Policy and Professional Conduct Policy. Political or lobbying activities, if any, require Board of Directors’ oversight and compliance with applicable law.</li> </ul>
<p>Article Five: certification and application</p> <p>1- This policy shall be implemented as of the date of its approval by the General Assembly, and the concerned parties shall be notified. The Board of Directors shall review this policy as necessary, and it shall not be amended except with the approval of the General Assembly.</p> <p>2- This policy is published on the company's website in order to enable the relevant parties to view this policy or any other means of publication that the Board of Directors deems appropriate.</p>	<p>Article 5: certification and application</p> <ul style="list-style-type: none"> <li>(1) This policy shall be implemented as of the date of its approval by the General Assembly, and the concerned parties shall be notified. This Policy shall be reviewed at least annually by the Board of Directors (or its designated committee) under Article 91 of the Corporate Governance Regulations, and proposed updates shall be submitted to the Ordinary General Assembly for approval.</li> <li>(2) This policy is published on the company's website in order to enable the relevant parties to view this policy or any other means of publication that the Board of Directors deems appropriate.</li> <li>(3) The Board approves Corporate Social Responsibility objectives and oversees implementation. Executive Management is responsible for execution, monitoring and reporting, and shall be provided with complete and timely information. The Chief Executive Officer shall designate a Corporate Social Responsibility Lead responsible for coordination and data collection.</li> </ul>

- (4) Management shall submit an annual Corporate Social Responsibility plan and budget with objectives and KPIs for Board of Directors' approval; progress shall be reviewed at least semi-annually.
- (5) Management will provide quarterly Corporate Social Responsibility updates and an annual Corporate Social Responsibility performance report to the Board of Directors covering activities, expenditures, KPIs and outcomes.
- (6) The Board of Directors shall report details of the Company's social contributions in accordance with Article 87 of the Corporate Governance Regulations. Any material Corporate Social Responsibility information disclosed publicly shall comply with the Listing Rules and the Company's Disclosure Policies and Procedures.
- (7) Corporate Social Responsibility objectives, plans and budgets shall be approved in accordance with the Delegation of Authority. Management shall implement and report as set out herein.
- (8) The Company will retain Corporate Social Responsibility plans, approvals, agreements, KPI datasets and reports for at least ten years in accordance with Article 93 of the Corporate Governance Regulations.