



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



# General Assembly Meeting

شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company

Item No 8

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# **Before modification**

## **Regulation of procedures in the Board of Directors**

### **Zahrat Al Waha for Trading**

Saudi public joint stock company



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company

## Regulations and policies generated from Corporate Governance

### Article One: Purpose

This regulation aims to organize the work of the board of directors by determining how it carries out its tasks and responsibilities, and defining the functions of the organizational structure of the board of directors, its tasks and the mechanism of its work in accordance with the companies' law, the regulatory controls and procedures issued in implementation of the companies' law for listed joint stock companies, and the corporate governance regulation issued by the Capital Market Authority. The Company's Articles of Association and other related regulations, in addition to the rational principles and practices of corporate governance.

### Article Two: Responsibilities

- The Board of Directors is responsible for preparing and reviewing the policy and proposing changes it deems appropriate.
- The Secretary of the Board of Directors is responsible for supporting and supporting the issuance and updating of this policy and the development of procedures that assist in its implementation.
- It is presented to the General assembly for approval.
- The company's board secretary is responsible for implementing what is stated in this policy on behalf of the company's board of directors responsible for its implementation.

### Article Three: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) on 16/5/1438 AH corresponding to 2/13/2017 amended by Resolution of the Board of the Capital Market Authority No. (3-57-2019) on 15/9/1440 AH corresponding to 5/20/2019.
- Corporate Governance Regulations.
- Membership policies and procedures for the Board of Directors' committees.
- Nomination and Remuneration Committee regulation.

### Article Four: Formation of the Board of Directors

- The company's articles of association specify the number of board members, provided that it is not less than three and not more than eleven.
- The management of the company is undertaken by a board of directors consisting of six members taking into account the availability of the necessary expertise to manage the company's business, including the chairman

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of the board of directors, the vice-chairman of the board of directors and the chief executive - so that he is full-time - and a delegate member may be appointed, and the vice chairman of the board shall replace the chairman of the board upon In his absence, they are elected by the General assembly, provided that they do not exceed three years, and the term of the first board of directors of the company begins from the date of the issuance of the ministerial decision to convert the company for a period of five years. They may be re-elected unless articles of association stipulate otherwise.

- The Board elects one of its members to the position of Chairman of the Board and another to the position of Vice President.
- The number of independent members of the board of directors shall not be less than one third of the members of the board (i.e., two independent members out of 6 members).
- It is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the company - including the position of Managing Director, Chief Executive Officer or General Manager - even if the Company's Articles of Association stipulate otherwise.
- If the position of a member of the board becomes vacant, the board of directors must appoint a temporary member in the vacant position without considering the arrangement in obtaining votes, provided that this temporary appointment is presented to the general assembly at its first meeting, and the new member completes the term of his predecessor. If the number of the members of the Board is less than (3), then the General assembly must be convened within (60) days to elect the necessary number of members.
- The board of directors shall define the competencies of the chairman, his deputy, and the managing director, if any, and their responsibilities in a clear and written form if the company's articles of association are devoid of that. In all cases, it is not permissible for a person to have ultimate authority to make decisions in company.
- The Board of Directors shall appoint a secretary for him with specifying his functions, remuneration and working conditions, provided that he fulfills the conditions that must be met by the secretary of the board and specified in the Corporate Governance Regulations issued by the Capital Market Authority.

### **Article Five: Duties and Responsibilities of the Board**

The Board of Directors is responsible for managing the company and providing effective leadership to oversee the management of Zahrat Al Waha For Trading Company's business to achieve the company's set goals in order for its value to grow in a profitable and continuous manner.

The Board of Directors carries out its responsibilities in light of the provisions regulating this and stipulated in the Companies Law, the Corporate Governance Regulations, the regulatory controls, and procedures issued in implementation of the Companies Law for listed joint stock companies, the Company's Articles of Association, and the Corporate Governance Regulations, including the following:

First: General policies and procedures

Establish corporate governance rules based on the relevant regulations, set policies that ensure the company's compliance with laws and regulations, enhance its capacity for growth and sustainability, supervise their implementation, and review them periodically. Among those policies, for example:

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- Establishing comprehensive risk management policy and procedures and reviewing them periodically.
- Establishing a clear policy regarding the distribution of dividends in the interests of the shareholders and the company.
- Establishing a written policy that regulates conflicts of interest and addresses potential conflict situations for each of the members of the Board of Directors, executive management, and shareholders. This includes misuse of the company's assets and facilities, and misconduct resulting from dealings with related persons.
- Establishing clear and specific policies, standards, and procedures for membership in the Board of Directors and putting them into effect after the approval of the General Assembly.
- Establishing a disclosure policy that ensures that the company adheres to the rules governing the disclosure of material events.
- Establishing a corporate social responsibility policy.
- Establishing a policy that regulates the relationship with stakeholders in order to protect them and preserve their rights. This policy must cover - in particular - the following:
  - Procedures for stakeholders to follow in submitting their complaints and reporting violating practices.
  - Mechanisms for compensating stakeholders in the event of violation of their rights recognized by the regulations and protected by contracts.
  - Mechanisms for settling complaints or disputes that may arise between the company and stakeholders.
  - Appropriate mechanisms for good relationships with customers and suppliers, and for maintaining the confidentiality of information related to them.
  - The rules of professional conduct for the managers and employees of the company so that they are consistent with sound professional and ethical standards and the organization of the relationship between them and the stakeholders, provided that the Board of Directors establishes mechanisms to monitor the implementation of these rules and adhere to them.
- Determining the authority that the Board delegates to the CEO, the decision-making procedures, and the duration of the delegation.
- Ensure that procedures are in place to introduce new board members to the company's business, including a comprehensive induction program for a new board member, and to approve a continuous development program for board members.
- Establishing the necessary mechanisms to annually evaluate the performance of the Board, its members, its committees, and the executive management.

Second: The strategic plans and main objectives of the company

- Formulating the future vision, mission, and values of the company.
- Setting and reviewing the main objectives, strategic plans of the company, standards for measuring the overall performance of the company and general supervision of their implementation.
- Approving the main work plans and annual budgets and ensuring the availability of financial and human resources necessary to achieve the company's strategy and objectives.

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- Determining the optimal capital structure for the company and financial goals, and overall oversight of major capital expenditures and asset ownership and disposal.
- Establishing the executive organizational structure that enhances the company's ability to achieve its goals and reviewing it periodically.
- Periodic review and approval of the list of authority and responsibilities of senior management.

### Third: Internal Control Systems

- Establishing systems and controls for internal control and general supervision, and the annual review of their effectiveness.
- Ensuring the integrity of the financial and accounting systems, including the systems related to the preparation of financial reports.
- Approving the initial and annual financial statements of the company.
- The Board of Directors determines the scope of the internal audit department's report in accordance with the relevant regulations.

### Fourth: Responsibilities of the Board of Directors towards shareholders:

- Inviting shareholders to attend the ordinary and extraordinary general assembly meetings.
- Verify that the annual report and financial reports that are published and sent to shareholders reflect the true position of the company's performance, and the board should ensure that the company's management provides current and potential shareholders and the investment community with all information on performance results and the most important developments within the company and that this information is consistent with the policy The private company for disclosure and transparency.
- Establishing the principle of transparency and disclosure as a consistent and clear policy for the Board.
- Recommending the policy of dividend distribution for approval by the General Assembly.
- Approving the distribution of interim profits (quarterly - semi-annual) to shareholders and recommending to the General Assembly to approve annual profits and distribution rates in accordance with the provisions of the company's basic system.
- Recommending increasing or decrease the company's capital.
- Approving the audit committee's recommendations for appointing one or more auditors from among the auditors of the clouds licensed to work in the Kingdom as is customary and determining his fees and the duration of his work.
- Reviewing, evaluating, and approving major transactions including capital allocation, expenditures, and capital investments.
- Determining the optimal model for allocating capital needed by the main sectors and activities of the company and investments.
- Overseeing and authorizing any acquisitions or mergers carried out by the company.



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### **Article Six: Authority of the Board of Directors**

Considering the specializations established for the General assembly, the Board shall have the broadest authority and authority in the management of the company, including taking decisions, concluding contracts and agreements, and undertaking all other actions necessary to achieve the objectives of the company. According to its articles of association, provided that these actions are not within the competence of the general assemblies of shareholders in accordance with the company's articles of association and the companies' system.

The board of directors represents all shareholders, and it must exercise its duty of care and loyalty in managing the company and everything that would safeguard its interests, develop, and maximize its value.

The final responsibility for the company remains with the board even if it forms committees or delegates other bodies or individuals to carry out some of its work and in all cases, the board of directors may not issue a general or unlimited term mandate.

### **Article Seven: Authority delegated to the CEO**

The organizational structure of the company must include defining the functions and distribution of tasks between the Board of Directors and the Executive Management in line with the best practices of corporate governance, improve the efficiency of company decision-making, and achieve a balance in the authority and authorities between them.

The Board of Directors delegates some of its authority to the CEO to manage the day-to-day business of the company, preside over its employees, and implement its policies and strategic plans. And those authority are determined according to the authority delegation document approved by a decision of the Board of Directors.

### **Article Eight: Controls for the Board's work**

First: the functions of the Board chairman, his deputy, and the secretary

◀ Without prejudice to the authority of the Board, the Chairman of the Board shall assume the leadership of the Board, supervise the conduct of its work and the effective performance of its functions. The following include in the duties and functions of the Board Chairman in particular:

- Leading the Board of Directors towards achieving its goals and working to enhance its effectiveness.
- Representing the company in front of others or delegating some of its authority to carry out specific work or actions in writing to other members of the board or others in accordance with what is stipulated in the companies' law, its executive regulations, and the company's articles of association.
- Representing the company before the judicial authorities and other official bodies and signing for them.
- Supervising the preparation of the agenda of the Board's meetings and ensuring the participation of Board members and the CEO in determining the topics and timing of Board meetings.
- Directing the invitation to hold and chairing Board meetings, with specifying the time, date, and place of the meeting, after coordination with the Board members.
- Ensure that the topics presented to the Board are accompanied by sufficient information to enable the Board to take decisions regarding them.

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- Enhancing the members' active participation in the Board's meetings by studying and discussing issues on the agenda of its meetings, and by expressing their views in a manner that contributes to achieving the company's goals.
  - Encouraging constructive relationships and effective participation between the board of directors and the executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
  - Ensure that sufficient time is available to discuss the agenda items of the Board meeting.
  - Ensuring that members have easy access to the Board's business database, which includes, for example, the topics previously presented to the Board, the minutes of its meetings, and its previous decisions.
  - Ensuring that Board decisions are based on a complete knowledge base.
  - Approval of the draft decision for passing on the members of the Board of Directors in light of what was mentioned in the previous clauses in this article.
  - Ensuring that there are channels for communication with shareholders and conveying their views to the Board of Directors.
  - Ensure compliance with the Board of Directors' regulations.
  - Preparing the agenda of the Board of Directors meetings, considering any issue raised by a member of the Board of Directors or raised by the auditor, and consulting with members of the Board and the CEO when preparing the agenda of the Board.
  - Hold regular meetings with non-executive board members without the presence of any company executive.
  - Informing the General assembly at its convening of the business and contracts in which a member of the board of directors has a direct or indirect interest, provided that this notification includes information that the member provided to the board of directors in accordance with Paragraph (14) of Article Thirty of the Corporate Governance Regulations and this should be accompanied by Reporting a special report from the company's external auditor.
- ◀ The vice-chairman of the board of directors shall carry out the duties of the chairman of the board in his absence, and in the absence of the chairman and his deputy together, the members of the board choose a chairman from among them to chair the board meeting.
- ◀ It is not permissible to appoint the Chief Executive Officer as the Chairman of the Board of Directors of the company during the first year after the end of his services.
- ◀ The secretary shall undertake the tasks stipulated in the relevant regulations, including the following:
- Developing the annual plan for board meetings and submitting it to the chairman.
  - Preparing the Board meeting schedule in coordination with the Board members and the CEO and presenting the proposal for the Board's meeting agenda to the Board Chairman in preparation for approval by the Board of Directors.



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- Informing the members of the Board of Directors of the dates of the Board meetings and ensuring that they are able to access the information related to those meetings, using modern technology means that enhance the efficiency of the Board member's preparation for Board meetings.
- Attending Board meetings and recording its deliberations in the meeting minutes, which must be prepared based on the relevant statutory texts
- Preparing and organizing board meeting minutes, keeping the reports attached to the Board of Directors and setting the necessary arrangements for members of the Board of Directors to ensure easy access to those minutes and related documents.
- Preparing the decisions of the Board of Directors and ensuring that they are communicated after approval by the Board.
- Supervising the register of disclosures and forms for members of the Board of Directors and updating them periodically in accordance with the relevant legal requirements.
- Review compliance with the regulations of the board of directors and the regulations of the committees emanating from it and submit the results of that review to the chairman of the board.
- Providing advice and advice to the Board of Directors, its committees, or its members on issues related to the governance of the Board of Directors presented to it.
- Carry out any other advisory tasks assigned to it by the Board of Directors or one of its committees.

Keeping all the minutes, documents, reports, and other documents required to be kept in accordance with the relevant regulations, provided that this includes the report of the board of directors and the report of the audit committee, in the company's headquarters for a period of not less than ten years or until the end of any lawsuit, claim, or existing investigation procedures related to with those documents, whichever is more.

- The Secretary of the Board of Directors may not be dismissed without a decision from the Board of Directors.
- The secretary of the Board has no right to participate in any of the Board's decisions or vote it.

The Board of Directors shall define the conditions that must be met by the Secretary of the Board of Directors, provided that they include any of the following:

1. To have a university degree in law, finance, accounting, administration, or its equivalent, and to have relevant practical experience of not less than three years.
2. To have relevant work experience of no less than five years.

Second: The duties of a member of the board of directors

- Comply with the provisions of the Companies Law, the Financial Market Law and their implementing regulations and articles of Association of the company when exercising its duties, and refrain from doing or participating in any act that harms the interests of the company.
- To be aware of the Board's duties and responsibilities, and he must allocate sufficient time to fulfill its role in achieving them.
- Carry out his duties far from any external influence, whether from inside or outside the company and he must not advance his personal interests over the company's interests.

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- Not accepting gifts from anyone who has business dealings with the company.
- Preparing for meetings and commitment to attend them and not be absent except for objective justifications notified to the Chairman in advance, or for urgent reasons accepted by the Board of Directors.
- Effective participation in the Board's meetings by studying and discussing topics on agenda of its meetings.
- Work to enhance knowledge of organizational developments in areas and topics related to the tasks and responsibilities of boards of directors.
- Verifying the integrity and integrity of the company's financial statements and information.
- Verify that the company's financial control and risk management systems are strong.
- Determining appropriate levels of remuneration for members of the executive management.
- Express an opinion on appointing and dismissing members of the executive management.
- Participating in developing a succession and replacement plan for the company's executive positions.
- Monitor the performance of the executive management and the extent to which it has achieved the company's goals and objectives.
- Enabling other members of the board of directors to express their opinions freely and urging the board to deliberate on issues and to survey the opinions of specialists from the executive management members of the company and others if a need arises.
- Informing the Board of Directors fully and immediately of any interest it has - direct or indirect - in the business and contracts that are made for the company's account, and that reporting includes the nature of that interest, its limits, the names of any persons involved in it, and the benefit expected to be obtained directly or indirectly from that The interest, whether that interest is financial or non-financial, and that member must not participate in voting on any decision issued in this regard, in accordance with the provisions of the Companies Law and the Financial Market Law and their implementing regulations.
- Work to enhance knowledge of developments in the field of the company's activities and business and in other related fields.
- Commitment to maintaining the confidentiality of the information made available to him, and the documents he finds, and he is not permitted in any way - even if his membership is terminated - to disclose it to any individual or entity unless he is authorized to do so by the Board of Directors, or to use any of these The information is for the personal benefit of him or one of his relatives or of others, and the company has the right to demand compensation in the event of a breach of what is stated in this article
- Commitment to the Board's regulations.
- Attending the general assembly meetings and not being absent from them without an excuse acceptable to the board of directors.
- Inform the Board of Directors fully and immediately of its participation - direct or indirect - in any business that is likely to compete with the company or with its competition with the company - directly or indirectly in one of the branches of the activity that it engages in, in accordance with the provisions of the Companies Law, the Financial Market Law and their implementing regulations.

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- Not to broadcast or divulge any secrets that may be found through his membership in the board to any of the company's shareholders - unless this is during the meeting of the general assembly - or to third parties, as required by the provisions of the Companies Law, the Financial Market Law, and their implementing regulations.
- Acting on the basis of complete information, in good faith, with due care and attention, in the interest of the company and all shareholders.
- Realizing his duties, roles and responsibilities arising from membership.
- Developing his knowledge in the field of the company's activities and business and in the related financial, commercial, and industrial fields.
- Resigning from the membership of the board of directors in the event that he is unable to fully fulfill his duties in the board.

### Third: Board meetings

- The Board of Directors meets at least four times a year, not less than one meeting every three months, upon an invitation from its Chairman, and the Chairman of the Board must invite him to a meeting if two of the members, the external auditor, or the director of the internal audit department request this. Or the CEO, or if circumstances require it, provided that the reasons for inviting the meeting are clarified.
- The Board approves a proposal for the dates and agenda of the meetings, if possible, for the fiscal year before its start, and the invitation to attend the meeting is addressed at least 5 days before its date. The meeting's agenda, documents, and information necessary to discuss the topics presented to the Board's meeting and take decisions regarding them are attached to the invitation.
- In exceptional cases, an invitation may be directed to attend the meeting within a period of less than five days prior to the date of the meeting, in accordance with the invitation procedures specified in these regulations.
- The board holds its meetings in the company's head office, and it may meet outside the head office after the approval of the board of directors. It is also permissible to hold meetings of the board of directors through modern technical means of communication virtually according to any emergency circumstances that necessitate this based on the approval of the board of directors.
- The meeting is not valid unless half of the board members attend at least, provided that the number of attendees is not less than three members in origin, unless the company's articles of association stipulate a higher percentage or number, and the board member - in cases of necessity - may attend through the assistance of one of the Modern technical means of communication, after approval by the Board.
- Board decisions are issued by the majority of the votes present.
- The Board of Directors may issue decisions on urgent matters by presenting them to the members dispersed, unless one of the members requests (in writing) a board meeting to discuss them. These decisions are presented to the Board at its first subsequent meeting.

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### Fourth: Documenting the Board's meetings

- The Board of Directors must document its meetings and prepare minutes of discussions and deliberations, including voting operations that have taken place, classifying, and saving them so that it is easy to refer to them when needed.
- The Board Secretary prepares minutes to document the Board's meetings, including the following:
  - Place, date, start and end time of the meeting.
  - Names of the members present and not present.
  - Board deliberations and decisions, indicating the results of voting on them and the reasons for objections, if any.
  - Determine the body responsible for implementing the decisions taken.
- The secretary of the board sends the draft of the meeting minutes to the members of the Board, and the members of the Board should make their comments on the draft minutes - if any - within a maximum period of (5) working days from the date of the aforementioned transmission.
- After processing the remarks of the members of the Board on the draft of the minutes, and after the approval of the chairman of the meeting, the draft is sent back to the members of the Board in preparation for approval at the next board meeting unless it is approved during the same meeting.
- The meeting minutes, accompanied by the meeting agenda and all accompanying documents, are kept in a special register signed by the Board chairman and secretary.
- If any of the members of the board of directors has observations about the performance of the company or any of the issues presented and it is not decided in the board meeting, then they must be written down and what the board takes or decides to take in response to them in the minutes of the board meeting. And if a member of the board of directors gave an opinion different to the decision of the board, it must be proven in detail in the meeting minutes of that session.
- The absence of the member from attending the meeting at which the decision is issued shall not be considered a reason for exempting him from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after being aware of it.

### Fifth: Follow up on the Board's work

- The chairman or whoever the delegates shall inform the decisions taken by the board to the responsible authority within the company for their implementation.
- The Secretary of the Board presents a report on the activities of the Board of Directors to the Board members annually.

### Sixth: Evaluating the Board's business

The Board of Directors evaluates the level of its performance periodically, provided that the evaluation elements include, for example, the level of effectiveness of the Board in carrying out its tasks and achieving its objectives.

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### Article Nine: Independent member responsibilities

Subject to Article Thirty-One of the Corporate Governance Regulations, an independent member of the Board of Directors must actively participate in performing the following tasks:

1. Expressing independent opinion on strategic issues, company policies, and its performance, and appointing members of the executive management.
2. Verifying that the interests of the company and its shareholders are taken into consideration and presenting them when any conflict of interest arises.
3. Supervising the development of the company's corporate governance rules and monitoring the implementation by the executive management of them.

### Article Ten: Board of directors' committees

First: Forming committees

- The Board of Directors forms committees emanating from it to support it in performing its duties effectively, according to the company's need, conditions, and the nature of its business.
- The board of directors must specify in the formation decision the tasks and duration of the committees, the authority granted to them, the controls of their work and the remuneration of their members, provided that the number of members of the formed committees is not less than three and not more than five.
- With regard to the audit committee, the company's general assembly, based on a proposal from the board of directors, issues a decision to form the audit committee, and defines its tasks, work controls, and the remuneration of its members.
- The Board of Directors proposes to the Company's General Assembly the rules for selecting members of the Nomination and Remuneration Committee, their term of membership, the functions of the committee, the method and controls for its work and the remuneration of its members.
- The chairman of the board of directors may not be a member of the audit committee, and he may, by a decision of the board, be a member of other board committees, provided that he does not occupy the position of chairperson in the committees stipulated in the Corporate Governance Regulations issued by the Capital Market Authority.
- Each committee shall have a secretary appointed by the concerned committee, provided that the board of directors determines what rewards and allowances he will receive for attending committee sessions.

Second: Follow up on the work of the committees

- The committees study the issues pertaining to them or that are referred to them by the board of directors and attach their recommendations to the board to take a decision in their regard.
- The committee chairman attaches the committee's recommendations and its findings to the board of directors, in the first meeting of the board after the committee meeting.
- Each committee is responsible for its work before the Board of Directors.
- Each committee evaluates the results of its work periodically, providing that the evaluation elements include, for example, the committee's level of effectiveness in carrying out the tasks assigned to it.

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- The committees may seek the assistance of experts, specialists, or others they see in studying the issues that fall within their duties and responsibilities, after obtaining the approval of the Board of Directors, provided that this is included in the minutes of the committee's meeting, noting the name of the expert and his relationship to the company or executive management.

### Third: Committee meetings

- Any member of the board of directors or the executive management who is not members of the committees is not entitled to attend their meetings except upon an invitation from the requesting committee to listen to his opinion or obtain his advice.
- For the committees' meetings to be valid, the attendance of the majority of their members is required, and their decisions are issued by the majority of the votes of those present, and when the votes are equal, the side that the meeting chair voted with shall prevail.
- The committees hold their meetings in the company's head office, and they may meet outside the head office if circumstances require that, after approval by the board of directors.

### Article eleven: Board members' Training

- The Chairman of the Board of Directors or whoever replaces him shall supervise the induction program for new members, with the assistance of Secretary of the Board, provided that the program includes following:
  - The company's activity and the business it practices.
  - The company's strategy and future goals.
  - The organizational structure of the company and the roles and responsibilities of departments.
  - Financial and operational aspects of the company's activities and business.
  - Board members' obligations, duties, responsibilities, and rights.
  - The duties and functions of the Board of Directors' committees.
  - Visit any of the company's factories and one of its subsidiaries.
- The Board of Directors - and based on the recommendation of the Nomination and Remuneration Committee - determines the continuous development program for the members of the Board based on the annual review of the required needs of skills and capabilities, determining the strengths and weaknesses of the Board of Directors and proposing to address them as required by changes in the external market environment, contemporary issues and economic changes And that is consistent with the interest of the company.
- The Secretary coordinates the approved training programs for the Board in cooperation with the Human Resources Department.

### Article Twelve: Conflict of Interest in the Board of Directors

- The member must avoid situations that lead to a conflict of his interests with the interests of the company and the conflict of interests means that there is a direct or indirect interest for any member in a subject listed on the Board's agenda and that interest would influence (or believe in the influence of that interest) on the independence of opinion. The Board member who is supposed to express his professional viewpoint.



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- If a member has any conflict of interest in a topic on the Board's agenda, he must disclose that before the discussion of the topic begins, provided that this is proven in the minutes of the meeting, and in this case, he may not attend discussion of the relevant topic or participate in the discussion or vote. on him.
- It is not permissible for a member of the board to have a direct or indirect interest in contracts that are made for the account of the company and he may not participate in any work that would compete with the company or to compete with the company in one of the branches of the activity that he is practicing, except with the prior approval of the general assembly Regular renewal every year, in accordance with the relevant legal procedures.
- If a member of the board fails to disclose his interest in the contracts that are concluded for the company's account, the company or anyone with an interest may claim before the competent judicial authority to nullify the contract or oblige the member to pay any profit or benefit in order to achieve this.
- If a member of the board fails to disclose his participation in any business that would compete with the company or if he competes with the company in one of the branches of the activity that he is practicing, the company may claim from the competent judicial authority for appropriate compensation.
- It is not permissible for a member of the Board to exploit or benefit - directly or indirectly - from any of the company's assets, information, or investment opportunities under consideration even if a decision has been taken not to proceed with them, and he may not take advantage of these investment opportunities even after the end of his membership in any One of the ways to expire membership.
- If it is proven that a member of the Board has benefited from the investment opportunities, then the company or any interested party may claim before the competent judicial authority to nullify any business, profit, or benefit achieved from that investment opportunity. The company may also claim appropriate compensation.

### **Article Thirteen: Remuneration for Board Members**

- A member of the board of directors is entitled to an annual remuneration in accordance with the remuneration policy for members of the board of directors, the committees emanating from it, and senior executives approved by the company's general assembly.
- The Board of Directors determines the remuneration and attendance allowances that the Secretary of the Board of Directors will receive for the sessions of the Board of Directors.
- In the event that the General Assembly issued a decision to exempt a member from membership in the Board due to absenteeism from three consecutive meetings within one year, this member is not entitled to any rewards or compensation for the period following the last meeting he attended, and he must return all the rewards and compensation paid to him for that period.
- The company has the right to claim compensation for damage to its reputation and to recover the rewards, compensation, and any other costs the company incurred to facilitate the member's fulfillment of his responsibilities, in the event that the member commits an act that breaches honor and trust, fraud, or violates laws and regulations in the Kingdom of Saudi Arabia or in any other country. Or when he breaches his responsibilities, tasks, and duties, which will result in harm to the interest of the company.

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### Article Fourteen: Report of the Board of Directors

The report of the board of directors must include a review of its operations during the last fiscal year, and all factors affecting the company's business and the report of the board of directors must include, but not limited to:

1. The provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority and what has not been implemented and the reasons for that.
2. The names of the members of the board of directors, the members of the committees, and the executive management, and their current and previous positions, qualifications, and experiences.
3. Names of companies inside or outside the Kingdom of which a member of the company's board of directors is a member of its current and previous boards of directors or of its managers.
4. The formation of the Board of Directors and the classification of its members as follows: Executive Board Member - Non-Executive Board Member - Independent Board Member.
5. The measures taken by the Board of Directors to inform its members - especially non-executives - of shareholders' proposals and comments about the company and its performance.
6. A brief description of the committees' competencies and tasks, such as: the Audit Committee, the Nomination and Remuneration Committee, with mentioning the names of the committees, their chairmen and members, the number of their meetings, dates of their meetings, and attendance data for members for each meeting.
7. The means adopted by the Board of Directors in evaluating its performance and the performance of its committees and members and the external body that carried out the evaluation and its relationship with the company, if any.
8. Disclosure of the remuneration of members of the Board of Directors and the Executive Management in accordance with what is stipulated in Article Ninety of the Corporate Governance Regulations.
9. Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory, or judicial authority, with an explanation of the causes of the violation, the party to which it is signed, and the means of remedying it and avoiding its occurrence in the future.
10. The results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system.
11. Recommendation of the Audit Committee regarding the need to appoint an internal auditor in the company in the absence of one.
12. The recommendations of the audit committee that are inconsistent with the decisions of the board of directors, or which the board refused to consider regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance or appointing the internal auditor, the rationale for those recommendations, and the reasons for not taking them into account.
13. Details of the company's social contributions, if any.
14. A statement of the dates of the general shareholders' assemblies held during the last fiscal year and the names of the members of the board of directors attending these assemblies.

## Regulations and policies generated from Corporate Governance

15. A description of the main types of activity of the company and its subsidiaries. In the event that two or more types of activity are described, a statement must be attached to each activity and its impact on the volume of the company's business and its contribution to the results.
16. A description of the company's important plans and decisions (including structural changes to the company, expansion of its business, or suspension of its operations) and future expectations of the company's business.
17. Information related to any risks that the company faces (whether it is operational risks, financing risks, or market risks) and the policy for managing and monitoring these risks.
18. A summary in the form of a table or a graph of the company's assets, liabilities, and results of its business in the last five financial years or since incorporation, whichever is shorter.
19. Geographical analysis of the total revenues of the company and its subsidiaries.
20. A clarification of any material differences in the operating results compared to the results of the previous year or any expectations announced by the company.
21. Clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
22. The name of each subsidiary company, its capital, percentage of the company's ownership in it, its main activity, the state, the principal place of its operations, and the country of its incorporation.
23. Details of shares and debt instruments issued for each subsidiary.
24. A description of the company's policy for distributing dividends.
25. A description of any interest in the voting-eligible shares category belonging to persons (other than members of the company's board of directors, senior executives, and their relatives) who informed the company of those rights under Article Sixty-four of the Rules for the Offer of Securities and Continuing Obligations, and any change in these rights during the last fiscal year.
26. A description of any interest, contractual securities, and subscription rights of the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiary companies, and any change in that interest or those rights during the last fiscal year.
27. Information related to any loans on the company (whether they are payable on demand or otherwise), a disclosure of the total debt of the company and its subsidiary companies, any amounts paid by the company in repayment of loans during the year, the principal amount of the loan, the name of the donor, its duration, the remaining amount, and in case there is no For loans to the company, it must submit a disclosure.
28. A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by Company for that.
29. A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by Company.
30. A description of any refund, purchase, or cancellation by the company of any redeemable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.

## Regulations and policies generated from Corporate Governance

31. The number of Board of Directors meetings that were held during the last fiscal year, their dates, and the attendance record of each meeting indicating the names of the attendees.
32. The number of the company's requests for the shareholders' register, the dates and reasons for those requests.
33. A description of any transaction between the company and a related party.
34. Information related to any business or contracts in which the company is a party, or in which there is an interest for a member of the company's board of directors or for its senior executives or for any person related to any of them, including the names of those involved in the business or contracts, the nature of these business or contracts, their terms, duration and amount And if there are no such actions or contracts, the company must submit a disclosure of this.
35. A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration.
36. A statement of any arrangements or agreement under which a shareholder of the company waived any rights to profits.
37. A statement of the value of the regular payments paid and due for payment of any zakat, taxes, fees, or any other dues that were not paid until the end of the annual financial period, along with a brief description of them and their reasons.
38. A statement of the value of any investments or reserves established for the benefit of the company's employees.
39. Disclosures that:
  - A. The account records were prepared correctly.
  - B. The internal control system was prepared on a sound basis and was effectively implemented.
  - C. There is no doubt about the ability of the company to continue its activity.
40. If the auditor's report contains reservations about the annual financial statements, the board of directors' report must clarify those reservations, their reasons, and any information related to them.
41. In the event that the Board of Directors recommends changing the auditor before the end of the period for which he is appointed, the report must contain that, along with an explanation of the reasons for recommending the change.
42. Recommendations of the Board of Directors to the General Assembly.

### **Article Fifteen: Reviewing and updating the regulation**

The regulation is subject to periodic review by the Board of Directors for Purpose of developing and updating it in line with the relevant laws and regulations and in accordance with what the Board deems to be. The Board of Directors To vote on the remuneration item for members of the Board of Directors at General Assembly meeting.

### **Article Sixteen: Disclosure**

Without prejudice to the rules for offering securities, continuing obligations, and listing rules, the Board of Directors shall set written policies for disclosure, its procedures, and supervisory systems in accordance with the

## Regulations and policies generated from Corporate Governance

requirements for disclosure contained in the Companies Law and the Capital Market Law - as the case may be - and their implementing regulations.

First: Disclosure of the members of the board of directors

The Board of Directors shall organize the disclosure processes for each of its members and members of the executive management, considering the following:

1. Establishing a special register for the disclosures of members of the Board of Directors and the Executive Management and updating it periodically, in accordance with the disclosures required under the Companies Law and the Financial Market Law and their implementing regulations.
2. Providing access to the registry for the shareholders of the company free of charge.

Second: Disclosure of bonuses

- Disclosure of the remuneration policy and how the remuneration of board members and executive management in the company is determined.
- Accurate, transparent, and detailed disclosure in the report of the board of directors about the remunerations granted to members of the board of directors and the executive management, directly or indirectly, without concealing or misleading, whether they are sums, benefits, or benefits, whatever their nature and name. If the benefits are shares in the company, then input value of the shares is the market value on maturity date.
- Clarifying the relationship between the bonuses granted and the applicable remuneration policy and stating any material deviation from this policy.
- A statement of the necessary details regarding the remuneration and compensation paid to each of the following separately:
  - Board members.
  - Five senior executives who received the highest remuneration from company, including CEO and CFO.
  - Committee members.

### Article Seventeen: Implementation

- This regulation shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation rests on the Board of Directors.
- The Board of Directors reviews this regulation periodically to ensure its suitability to the changes that may occur to the nature of the company's business and its strategic objectives and the relevant legislation and regulations and to recommend to the General Assembly in this regard.
- This regulation is complementary to articles of association of the company, the corporate governance system, and the policies adopted by the company that relate to the board of directors and its committees.
- All that is not provided for in this regulation to apply the relevant laws and regulations issued by the competent authorities.
- This regulation cancels and replaces all procedures, decisions and internal regulations of the company that contradict it.

# **Before modification**

## **Policies And Criteria of Board Membership Procedures**

### **Zahrat Al Waha for Trading**

Saudi public joint stock company



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



## Regulations and policies generated from Corporate Governance

### Article One: Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives, and developing its performance, the company has adopted criteria for nominating members of the Board of Directors in the company and selecting them based on competence and ability to represent the Board of Directors and the committees emerging from it, in a manner that ensures the availability of expertise. The scientific and practical ability and knowledge that would contribute to raising the company's operational efficiency and determining their remuneration and the remuneration of the executive management, in accordance with the standards and controls contained in the Companies Law and the Corporate Governance Regulations and other relevant laws and regulations.

This regulation aims to regulate the criteria and procedures for nomination for membership of the Board of Directors, in light of the rules governing membership of the Board of Directors in listed joint stock companies stipulated in the Companies Law, the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies, and the Corporate Governance Regulations issued by the Capital Market Authority.

### Article Two: Responsibilities

- The Remuneration and Nomination Committee is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Board Secretary is responsible for supporting the Remuneration and Nomination Committee to issue and update this policy and to develop procedures that assist in its implementation.
- The policy is submitted to the General assembly for approval.
- The company's Remuneration and Nomination committee are responsible for implementing what is stated in this policy on behalf of the company's board of directors responsible for its implementation.

### Article Three: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020. Amended by CMA Council Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH corresponding to 06/30/ 2022 AD.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019, Amended based on the decision of the Extraordinary General Assembly of the company on 01/11/1444 AH corresponding to 21/05/2023 AD.
- The regulatory controls and procedures issued in implementation of the Companies Law for Joint Stock Companies issued by the Capital Market Authority.

## Regulations and policies generated from Corporate Governance

- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019, Amended by Capital Market Authority Board Resolution No. (8-5-2023) dated 06/25/1444 AH 01/18/2023 AD.
- Corporate Governance Regulations.
- A regulation of the procedures of the Board of Directors.
- Audit Committee regulation.
- Remuneration and Nomination committee Regulation.
- Risk management regulation.
- Corporate Governance Committee regulation.

### **Article Four: The rules governing membership of the Board of Directors**

In light of the provisions governing membership of the Board of Directors stipulated in the Companies Law and the Corporate Governance Regulations, the standards, and procedures for membership of the Board of Directors include the following:

#### **First: Responsibilities of the Remuneration and Nomination Committee for nominating Board Members:**

- Recommending to the Board of Directors to nominate the new member or to re-nominate him again in accordance with articles of association of the company, considering not to nominate any person previously convicted of the crime of breach of trust.
- Preparing standards for the capabilities and qualifications required for membership of the Board of Directors.
- Determine the time that the member should allocate to the work of the Board of Directors.
- Annual review of the necessary skills needed for membership of the Board of Directors.
- Develop job descriptions for members of the Board of Directors.
- Publish a disclosure on the company's website on the Saudi Stock Exchange website (Tadawul) and in any other means specified by the competent authority, to invite persons wishing to run for membership in the Board of Directors, provided that the door for nomination remains open for at least one month from the date of the Disclosure.
- Considering that there should be a sufficient number of independents among the candidates in order to allow the General Assembly to elect from among them at least one third of the members of the Board, whichever is greater.
- Considering that the number of candidates for the Board of Directors whose names are presented to the General Assembly exceeds the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.
- The Remuneration and Nomination Committee coordinates with the company's executive representative in front of the Capital Market Authority to provide the Capital Market Authority with the CVs of the candidates

## Regulations and policies generated from Corporate Governance

for membership of the Board of Directors according to the CV template of the candidate for membership of the Board of Directors in the joint stock companies listed in the Saudi Stock Exchange (Tadawul), in addition to any copies of notices Nomination and its attachments.

### **Second: Requirements related to candidacy for membership of the Board of Directors:**

- Submit a letter to the company's management stating his desire to nominate within the one-month Disclosure of period of the opening for nomination, provided that the letter is accompanied by his curriculum vitae, qualifications, and experience in the company's business field in accordance with the relevant statutory forms and requirements.
- Submit a statement that includes the names of the joint-stock companies that he participates in the membership of their boards of directors and the committees emanating from them.
- Submit a statement of the companies or establishments that he participates in managing or owning and conducting business similar to that of the company.
- Disclosure to the Board of Directors and the General Assembly of any cases of conflict of interest - in accordance with the procedures prescribed by the authority - and include:
  - o Any direct or indirect interest in the business and contracts made for the company's account.
  - o His participation in a business that would compete with the company or compete with it in one of the branches of the activity that he is practicing.
- Submit a statement of the number and date of the boards of directors of the companies whose membership he has assumed if he has previously held a membership in the board of directors of one of the joint-stock companies, but if he has previously held the membership of the company's board of directors in previous sessions, he must attach a statement of the sessions in which he participated. The company has completed the necessary.

### **Third: Conditions for membership of the Board of Directors**

It is a requirement that a member of the Board of Directors be of those with professional competence and appropriate academic qualifications who possess the necessary experience, knowledge, skill, and independence in order to enable him to carry out his duties efficiently and competently, and in particular the following shall be taken into consideration:

1. The candidate for membership in the Board should not have been previously convicted of a crime involving breach of honor and trust, and not be insolvent or bankrupt, or become unfit for membership in the Board in accordance with any system or instructions in force in the Kingdom.
2. A board member should not hold a membership in more than five joint stock companies listed in the financial market simultaneously.
3. That the member of the board of directors represents all the shareholders and that he adheres to what is in the interest of the company in general and not what is in the interests of the group he represents, or which voted to appoint him to the board of directors.

## Regulations and policies generated from Corporate Governance

4. The number of independent members should not be less than two, which represents one-third of the board members, as the membership of the company's board of directors consists of (6) members.
5. An independent member must enjoy complete independence in his position and decisions, and none of the independence symptoms stipulated in Article (19) of the Governance Regulations issued by the Authority shall not apply to him.
6. Leadership ability: That he has leadership skills that qualify him to grant authority in a way that leads to stimulating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.
7. Competence: by having academic qualifications, appropriate professional and personal skills, level of training, practical experiences related to the company's current and future activities, management, economics, accounting, law, or governance, as well as a desire to learn and train.
8. Ability to direct: By having technical, leadership, and administrative capabilities, speed in decision-making, comprehension of technical requirements related to workflow, and be able to strategic direction, planning and a clear future vision.
9. Financial Knowledge: By being able to read and understand financial statements and reports.
10. Health fitness: That he does not have a health obstacle that hinders him from exercising his duties and specializations.
11. Good behavior: continuous commitment to work ethics and to the provisions of applicable laws, regulations, and instructions.

When electing members of the Board of Directors, the General Assembly must consider the recommendations of the Remuneration and Nomination Committee and the availability of the personal and professional assets necessary to perform their duties effectively in accordance with what is stated in this Article.

### **Fourth: The vacant position in the board of directors or upon the expiration of the membership of a member of the board**

- According to what is stated in articles of association, when the position of one of the members of the board of directors becomes vacant, the board may appoint a member - temporarily - in the vacant position at their discretion according to the selection conditions mentioned in the policy and it must inform the competent authority of that within five working days from the date of appointment and present this Appointment of the general assembly in its first meeting, and the new member completes the term of his predecessor. If the conditions for the meeting of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in articles of association, the members 'dome must call the general assembly to convene within sixty days to elect the necessary number of members.
- The Articles of Association of the company indicate how the membership of the Board of Directors ends. The Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time, and a member

## Regulations and policies generated from Corporate Governance

of the Board of Directors may retire on condition This must be at an appropriate time, otherwise he will be liable to the company for the damages resulting from his retirement. The General Assembly may - based on the recommendation of the Board of Directors - terminate the membership of any member who was absent from attending (three) consecutive meetings or (five) separate meetings during his membership period without a legitimate excuse accepted by the Board of Directors.

- When the membership of a member of the board of directors ends in one of the methods stipulated in articles of association of the company due to the expiration of the membership, the secretary of the board must immediately notify the competent authority in the ministry and the authority, stating the reasons for this.
- If a member of the board of directors resigns and has comments on the performance of the company, he must submit a written statement thereof to the chairman of the company's board of directors. This statement must be presented to all members of the board of directors.

### **Article Five: General provisions for membership of the Board of Directors**

- The company shall make available to the shareholders information about the candidates for membership of the Board of Directors no less than three days before the date of the election, provided that this information includes a description of the candidates' experiences, qualifications, and skills.
- Each shareholder has the right to nominate himself or one or more shareholders or others for membership in the Board of Directors. And that is within the limits of his ownership percentage in the capital.

### **Article Six: Remuneration for Board Members**

- The remuneration of a member of the Board of Directors - for the work of the Board of Directors - is a specific amount and an attendance allowance for the sessions.
- A member deserves a remuneration for the additional work, or executive, technical, administrative, or advisory positions assigned to him under a professional license that he is assigned to in the company, in addition to the bonus that can be collected in his capacity as a member of the Board of Directors and in the committees formed by the Board Management according to the Companies Law and the Company's Articles of Association.
- The Board may set a remuneration for the members / member of the Board of Directors for his membership in the committees emanating from the Board.
- The remunerations that a member of the board of directors collect shall be fair and proportionate to the member's competencies and the work and responsibilities that the board members undertake and bear, and Purposes set by the board of directors to be achieved during fiscal year.
- The bonus payment will be stopped or refunded if it appears that it was decided based on inaccurate information provided by the member of the Board of Directors.
- The remuneration must be proportional to the number of sessions the member attends.
- The remuneration of the members of the Board of Directors and the committees emerging from it shall be taken into consideration what is stated in the relevant regulations and regulations.

## Regulations and policies generated from Corporate Governance

- In all cases, the total remuneration that a member of the board of directors receives does not exceed what is stipulated in the regulations and controls laid down by the competent authority and within the limits of what is stipulated in the Companies Law and its regulations.
- Pursuant to what was mentioned in the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors shall be according to the table below:

| Subject                                                  | Amount      |
|----------------------------------------------------------|-------------|
| Allowance for attending one session                      | SAR 3,000   |
| Remuneration for a non-executive board member (Deducted) | SAR 100,000 |
| Remuneration for an executive board member               | SAR Zero    |

Allowances for attending meetings and other allowances are disbursed annually, while the deducted allowance is disbursed after it has been approved by the General Assembly.

### Article Seven: Review and Update of the Policy

This policy is subject to periodic review by the Board of Directors and the recommendation of the Remuneration and Nomination Committee, and it can be amended by a decision of the General Assembly, bearing in mind that members of the Board of Directors are not allowed to vote on the item of remuneration of members of the Board of Directors at the General Assembly meeting.

### Article Eight: Disclosure

The Board of Directors must disclose in its annual report the details of this policy, the mechanisms for determining the remuneration of the members of the board, its committees, and the executive directors and the amounts and financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative, or advisory work or positions.

### Article Nine: Implementation

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation rests with the Board of Directors.

The Board of Directors - with the support of the Remuneration and Nomination Committee - reviews this policy periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.



# **Before modification**

## **Audit Committee Regulation**

### **Zahrat Al Waha for Trading**

Saudi public joint stock company



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company

## Regulations and policies generated from Corporate Governance

### Article One: Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's goals and developing its performance, the company has adopted the audit committee's regulation and the selection of its members based on the competence and ability to represent the audit committee, in a manner that ensures the availability of expertise, ability, and scientific and practical knowledge that This regulation aims to regulate the work of the audit committee by defining its functions and authority, in addition to its work controls and procedures, the rules for selecting its members, how to nominate them, and determining their remuneration in accordance with the standards and controls contained in the system Companies, Corporate Governance Regulations and other relevant laws.

The Audit Committee is considered one of the important committees in the listed public joint-stock companies because of its essential and effective role in supervising the work and procedures of external auditing, internal auditing, the internal control process, developing systems and plans related to these activities and following up on their implementation and the company's commitment and compliance with generally accepted regulations and standards. The regulations of the Saudi Capital Market Authority and the Saudi Companies Law have given special importance to the audit committee through its formation by the Board of Directors in accordance with the provisions of Article (51) of the Corporate Governance Regulations and strengthening its framework and authority.

### Article Two: Objectives of the Committee

- Verifying the completeness and adequacy of the internal audit work by reviewing the effectiveness, completeness, and adequacy of the arrangements for the internal audit department.
- Verifying the company's management's response to the topics that are identified and monitored through the activity and work of the committee, especially the work of internal auditing and external auditing, and verifying its independence.
- Verifying the company's acceptance and understanding of the role, function, and value of the internal audit through the established mechanisms such as the annual internal audit report.
- Measuring and evaluating the effectiveness of the company's internal control and audit systems.
- Verify compliance with the regulations, laws, standards, and policies related to the scope of work, tasks, and responsibilities of the committee.

### Article Three: Responsibilities

- The Audit Committee is responsible for preparing and reviewing the regulation and proposing changes it deems appropriate and submitting them to the Board of Directors for consideration.
- The Secretary of the Board of Directors is responsible for supporting and assisting the Audit Committee to issue and update this policy and to develop procedures that assist in its implementation.
- The Audit Committee's work list is presented to the General assembly for approval.
- The company's audit committee is responsible for implementing what is mentioned in these regulations.

## Regulations and policies generated from Corporate Governance

- The Board of Directors monitors the work of the Audit Committee regularly to verify the practice of the business assigned to it.

### Article Four: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020. Amended by CMA Council Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH corresponding to 06/30/ 2022 AD.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019, Amended based on the decision of the Extraordinary General Assembly of the company on 01/11/1444 AH corresponding to 21/05/2023 AD.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019, Amended by Capital Market Authority Board Resolution No. (8-5-2023) dated 06/25/1444 AH 01/18/2023 AD.
- Corporate Governance Regulations.
- Membership policies and procedures for the Board of Directors' committees.
- A regulation of the work procedures of the Board of Directors.
- Remuneration and Nomination Committee regulation.
- Governance Committee Regulations.

### Article Five: Formation of the Committee

- The audit committee is formed by a decision of the company's board of directors. The decision includes its duties, its work controls, the remuneration of its members, and the duration of their membership.
- The audit committee shall be formed from other than the members of the executive board of directors, whether from the shareholders or from others. The number of members of the committee should not be less than three and not more than five, provided that among them is an independent board member, and among them there is a specialist in financial and accounting affairs.
- The board of directors appoints members of the Audit Committee in accordance with the following selection rules:
  - That the candidate has a record of experiences related to the tasks of the audit committee.
  - The candidate must have a good knowledge of the company's activities and business and risks it faces.
  - That among the candidates be specialists in financial and accounting affairs, such as holders of a university degree or professional fellowship in accounting.

## Regulations and policies generated from Corporate Governance

- The candidate should not be an employee (or have worked in the past two years as an employee) of the company or any company within its group or any party associated with it, such as an auditor, major suppliers, or clients, or be owner of controlling shares with any of those parties During past two years.
- That a judgment has not been issued against the candidate for committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- The selection of the candidate for the membership of the committee should not be contrary to the relevant laws, regulations, and instructions.
- The members of the committee choose a chairperson from among them for the duration of the committee's membership, and in the event that the committee chair is absent or unable to meet remotely, the members of the committee present will appoint a chairperson for the meeting.
- A committee member performs his duties from the date of his appointment, and his membership ends in one of the following cases:
  - The end of the session of the Board of Directors.
  - His resignation, without prejudice to the right of the company to compensation if the resignation occurred at an inappropriate time.
  - He suffers from a mental illness or a physical disability that prevents him from performing his duties on the committee.
  - A court ruling declaring his bankruptcy or insolvency or his request for a settlement with his creditors.
  - A conviction for committing an act that breaches honor and trust or for forgery, or for violating the laws and regulations in force in the Kingdom of Saudi Arabia or in any other country.
  - A decision by the board of directors to exempt him from membership in the committee for any of the following reasons:
    - Breaching his responsibilities, tasks, and duties, which would result in harm to interest of company.
    - He was absent from three consecutive meetings or five separate meetings during his membership period without a legitimate excuse.
    - Other than the above-mentioned reasons that the board of directors considers; This is without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
  - Losing at any time any of the selection rules for membership in the audit committee established by law or in accordance with these regulations.
- If the position of a member of the committee becomes vacant in one of the previous cases or others during the term of membership, the Board may appoint a member of the vacant position, provided that he who meets the selection rules for membership of the committee referred to in these regulations, and the new member completes the term of his predecessor.
- The committee shall appoint a secretary for it, whether from among its members or whoever it deems appropriate from the company's management team to prepare for the committee's meetings and work,

## Regulations and policies generated from Corporate Governance

prepare its minutes, document them, and follow up on the implementation of its recommendations, directives, and decisions without having the right to vote.

### **Article Six: Duties and responsibilities of the committee**

In light of what is stipulated in the rules governing the Audit Committee in the Corporate Governance Regulations issued by the Capital Market Authority, the duties and responsibilities of the audit committee are as follows:

#### **First: Financial Reports**

- Reviewing the preliminary quarterly and annual financial statements before submitting them to the Board of Directors and expressing opinions and recommendations regarding them to ensure their integrity, fairness, and transparency.
- Express a technical opinion on whether the annual report of the board of directors and the financial statements of the company are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
- Study the unusual issues included in the financial statements and make recommendations regarding them if necessary.
- Searching for any issues raised by the company's financial manager, whoever assumes the duties of the company's compliance officer, or the auditor.
- Verify accounting estimates in the material issues included in the financial reports.
- Study the financial and accounting policies followed in the company and express opinion and recommendation to the Board of Directors in this regard.

#### **Second: Study the internal control systems**

- Study and review the internal and financial control and risk management systems and ensure their effectiveness through periodic reports of the Internal Audit Department or others on the adequacy and effectiveness of the internal and financial control systems and risk management systems and follow up the implementation of recommendations and corrective actions for the notes contained therein.
- Preparing a report for the Board of Directors that includes its opinion on the adequacy of these systems and their recommendations to deal with essential matters and any other recommendations for developing these systems and what it has undertaken of other actions that fall within its jurisdiction.

#### **Third: The Internal Audit Department**

- Supervising and monitoring the work of the Internal Audit Department and verifying its effectiveness in performing its duties and responsibilities.
- Study and approve the annual audit plan with the Internal Audit Department.
- Studying and reviewing the reports of the periodic internal review department and following up the implementation of corrective actions for the observations contained therein.

## Regulations and policies generated from Corporate Governance

- Recommending to the Board of Directors to approve the organizational structure and job description of the internal audit department, and to ensure its independence in the organizational structure of the company.
- Recommending to the Board of Directors to appoint or dismiss the Director of the Internal Audit Department, and to evaluate his performance on an annual basis.

### **Fourth: The Auditor**

- Recommending to the Board of Directors to nominate or dismiss the auditor, and to determine their fees, work duration and scope after evaluating their performance, ensuring their independence, and reviewing the scope of their work and the terms of contracting with them.
- Verifying the auditor's independence and objectivity, and the effectiveness of the audit work, in light of the rules and standards regulating this.
- Reviewing the auditor's work procedures plan, verifying that there is no excess or deficiency in the performance of his duties and verifying that he is not performing tasks outside the scope of the audit work and expressing his views on that.
- Answer the inquiries of the company's auditor and provide the necessary support to enable him to perform his duties.
- Studying the auditor's reports and notes on the financial statements and following up on what has been taken in their regard.

### **Fifth: To ensure compliance**

- Study the reports of the supervisory authorities regarding the company's compliance with the regulations and instructions and ensure that the company takes the necessary measures them.
- Ensure that the company adheres to the relevant laws, regulations, policies, and instructions.
- Review the contracts and proposed transactions that the company conducts with related parties and express opinion to the Board of Directors regarding them.
- Submitting and recommending to the Board of Directors the necessary measures to be taken in matters that it deems necessary for the Board to take action on them.

### **Sixth: Arrangements for submitting comments**

- Establishing the appropriate mechanism through which employees of the company can provide their observations regarding any violation of the company's internal systems, including the systems related to the preparation of the company's financial statements, provided that this mechanism ensures that the rights of the observer are not violated because of his submission to them.
- Establishing appropriate procedures to initiate, and follow-up on observations made by company employees, and to ensure the independence of those procedures.



## Regulations and policies generated from Corporate Governance

### Article Seven: The Committee's authority

In order for the audit committee to be able to perform its duties, and in accordance with the relevant laws and regulations, it shall have the following authority:

- The audit committee has the right to form a working group emanating from it for any purpose it deems appropriate, provided that the number of members of any working group is not less than two. It is also entitled to grant, and achieve its objectives, the work team emanating from it some of its authority and authority when it deems it appropriate.
- Investigating any activity that falls within its authority or any subject specifically requested by the board of directors, the shareholders association, or the external auditors.
- To seek legal and technical advice from any external or advisory body whenever necessary to assist the committee in performing its duties.
- The audit committee is responsible for monitoring the company's business and in order to perform its duties:
  - Requesting access to company records and documents.
  - Requesting any clarification or statement from the Board of Directors or the Executive Management.
  - To ask the board of directors to invite the general assembly of the company to convene if the board of directors impedes its work or suffers heavy damage or losses.
  - Interviewing the external auditors and employees of the company, including the Director of the Internal Audit Department, to inquire from them about the audit work and make any observations within the scope of its work.
- 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 take the committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees and assessing his performance, or appointing the director of the internal audit department, the board's report must include the committee's recommendation and justifications, and the reasons for not taking it into account.
- The audit committee - at the expense of the company - and after the approval of the board of directors, may seek the assistance of a non-executive board member - who is not members of the audit committee - or whomever it deems necessary to be experts or specialists in studying the issues that fall within its duties and responsibilities.

### Article Eight: The committee's procedures controls

First: The terms of reference of the committee chairman and secretary

- The chairman of committee undertakes the following tasks:
  - Managing committee meetings and working to enhance its effectiveness.
  - Representing the committee before the general assembly and the board of directors.
  - The committee chairman or whomever he delegates from among the committee members must attend the general assemblies to answer shareholders' questions.

## Regulations and policies generated from Corporate Governance

- Calling the committee to convene with specifying the time, date, and place of the meeting, after coordination with the committee members.
- Preparing the agenda, considering the topics that a committee member wishes to include.
- Ensure that the topics presented to the committee are accompanied by sufficient information to enable the committee to take decisions regarding them.
- Ensure that sufficient time is available to discuss the agenda items for the committee meeting.
- Promoting the effective participation of members in the committee's meetings by studying and discussing issues on the agenda of its meetings, and by expressing their views in a manner that contributes to achieving the committee's goals.
- Ensure that committee members are provided with complete and correct information in a timely fashion; To enable them to perform their duties.
- Preparing periodic reports on the committee's activities and submitting its recommendations and findings to the Board of Directors.
- Follow up on the implementation of the decisions issued by the committee.
- Establishing the necessary arrangements for the periodic evaluation of the committee's performance.
- The duties of the committee secretary are as follows:
  - Coordinating committee meetings, and developing a proposal for its agenda, in coordination with the committee chairman.
  - Informing committee members of the meeting dates and providing them with its agenda, and the documents necessary to study the meeting items.
  - The secretary of the committee submits periodic reports and minutes about the activities and work of the committee to the board of directors and performs all other tasks that may be entrusted to him by the committee.
  - Attending and documenting committee meetings, preparing its minutes and keeping them in a special register.
  - Keeping documents, records and reports presented to or issued by the committee.
  - Aiding and advice to the committee in matters that fall within its competencies.
  - The committee secretary is not entitled to participate in or vote on any of the committee's decisions.

### Second: The duties of a committee member

- Comply with the provisions of the Companies Law, the Financial Market Law and their implementing regulations, the relevant regulations and the Company's Articles of Association when exercising its duties, and refrain from doing or participating in any act that harms the interests of the company.
- He should be aware of the committee's duties and responsibilities, and he must allocate sufficient time to fulfill his role in achieving them.
- Carry out his duties far from any external influence, whether from inside or outside the company and he must not place his personal interests ahead of the company's interests.

## Regulations and policies generated from Corporate Governance

- Not accepting gifts from anyone who has business dealings with the company.
- Preparing for meetings and commitment to attend them and not be absent from them except for objective justifications notified to the committee chairman in advance and accepted by the committee.
- Effective participation in the committee's meetings by studying and discussing the topics on the agenda of its meetings.
- Work to enhance knowledge of organizational developments in the fields and topics related to the committee's duties and responsibilities.
- Work to enhance knowledge of developments in the field of the company's activities and business and other related fields

### Third: Committee meetings

- The committee meets periodically, provided that its meetings are not less than (4) meetings during the financial year of the company, based on an invitation from its chairman, and the committee chairman must invite it to meet in exceptional cases, including, for example, if requested by the board of directors or two members of the committee Or the auditor or the director of the internal audit department, or if circumstances require that, with an explanation of the reasons for calling the extraordinary meeting.
- The committee approves the dates and agenda for the meetings of the fiscal year before its start, and the invitation to attend the committee's meeting at least 5 days before its date. The meeting's invitation shall be attached to the agenda, documents and information needed to discuss the topics presented to the committee's meeting and take decisions in their regard.
- In exceptional cases, an invitation may be directed to attend the meeting at least (3) days before its date, in accordance with the invitation procedures specified in these regulations.
- The committee holds its meetings in the company's head office, and it may meet outside the head office after the approval of the board of directors. It is also permissible to hold meetings of the risk committee through modern technical means of communication virtually according to any emergency circumstances that necessitate this based on the approval of the audit committee.
- For the meeting to be valid, the attendance of the majority of the committee's members is required, and the committee member may - in cases of necessity - attend through the use of a modern technical means of communication, after the approval of the committee.
- No member of the board of directors or executive management who is not a member of the committee is entitled to attend its meetings without an invitation from the committee to listen to his opinion or his advice.
- The committee meets periodically with the auditor and the director of the internal audit department.
- The decisions of the committee are issued by the majority of the votes of the attending members, and when the votes are equal, the side with which the chairperson voted shall prevail.
- A member of the committee has the right to object to any decision taken by the committee, provided that his objection is explicitly proven in the minutes of the meeting with a statement of the reasons for his objection, and his absence from attending the meeting at which the decision is issued is not considered a reason for

## Regulations and policies generated from Corporate Governance

exemption from responsibility unless it is proven that he is not aware of the decision or is unable to directly object to it. After knowing it.

### Fourth: Documenting committee meetings

- The secretary of the committee prepares the minutes of the committee's meeting documentation, which include the following:
  - Place, date, start and end time of the meeting.
  - Names of the members present and not attending, indicating the names of those invited to attend the meeting who are not members of the committee.
  - The deliberations and decisions of the committee, with an indication of the results of the vote and the reasons for the objections, if any.
  - Determining the entity responsible for implementing the decisions taken, determining the time to initiate them, and the mechanism for following them up.
- The secretary of the committee sends the draft minutes of the meeting to the members of the committee, and the members of the committee must make their comments on the draft minutes - if any - within a maximum period of (5) working days from the date of the aforementioned transmission.
- After processing the comments of the members of the committee on the draft of the minutes, and after the approval of the chairman of the meeting, the secretary of the committee sends the draft after amendment to the members of the committee in preparation for approval at the next committee meeting.
- The meeting minutes attached to the meeting agenda and all accompanying documents are kept in a special register signed by the committee chairman and secretary.

### Fifth: Follow up on the work of the committee

The chairman of the committee submits its recommendations and its findings to the board of directors, in the first meeting of the board following the meeting of the committee.

### Sixth: Evaluating the committee's work

The committee evaluates the results of its work periodically, provided that the evaluation elements include, for example, the effectiveness of the committee in carrying out the tasks assigned to it.

### Article Nine: Report of the Committee to the General assembly

- The Audit Committee issues an annual report that includes its opinion on the adequacy of the company's internal control systems.
- The audit committee's report must include details of its performance of its competencies and tasks stipulated in the Companies Law and its implementing regulations, provided that it includes its recommendations and opinion on the adequacy of the company's internal and financial control and risk management systems.
- The board of directors must deposit sufficient copies of the audit committee's report in the company's head office and be published on the company's website and the website of the Capital Market Authority when

## Regulations and policies generated from Corporate Governance

disclosing the invitation to convene the general assembly; To enable shareholders who wish to obtain a copy of it and to read the summary of the report during the General Assembly.

### **Article Ten: Confidentiality of the Committee's Work**

The member of the committee must abide by maintaining the confidentiality of the information made available to him and the documents he is acquainted with, and he is not permitted in any way - even if his membership is terminated - to disclose it to any individual or entity unless he is authorized to do so by the Board of Directors, or to use None of this information is to achieve a personal benefit for him, one of his relatives, or for others, and the company has the right to demand compensation in the event of a breach of what is mentioned in this article, as this applies to the secretary of the committee.

### **Article Eleven: Conflict of Interest**

- The member must avoid situations that lead to a conflict of his interests with the interests of the company and the conflict of interests means that there is a direct or indirect interest for any member in a topic on the committee's agenda, and that interest would influence (or believe the influence of that interest) on the independence of a member's opinion. The committee who is supposed to express his professional opinion.
- If a member has any conflict of interest in a topic on the committee's agenda, he must disclose that before the discussion of the topic begins, provided that this is proven in the minutes of the meeting. In this case, he may not attend the discussion of the relevant topic or participate in the discussion or vote on it.
- It is not permissible for a member of the committee to have a direct or indirect interest in contracts and business that are carried out for the company's account, and he may not participate in any work that would compete with the company or compete with the company in one of the branches of the activity that it is practicing.
- If a committee member fails to disclose his interest in the contracts and works that are carried out for the company's account, whether before his appointment as a member of the committee or during his membership, the company may claim before the competent judicial authority to annul the contract and compensation or to oblige the member to pay any profit or benefit achieved for him from that.
- If a committee member fails to disclose his participation in any business that would compete with the company or if he competes with the company in one of the branches of the activity that he is practicing, the company may claim compensation from him before competent judicial authority.
- It is not permissible for a committee member to exploit or benefit - directly or indirectly - from any of the company's assets, information, or investment opportunities subject to study - even if the decision is taken not to proceed with them - and he may not take advantage of these investment opportunities even after the end of his membership.
- In the event that the committee member is proven to have benefited from the investment opportunities, the company or any interested party may claim before the competent judicial authority to nullify any business, profit or benefit achieved from the investment opportunity. The company may also claim appropriate compensation.

## Regulations and policies generated from Corporate Governance

### Article Twelve: Remuneration of Committee Members

- A member of the committee is entitled to an annual remuneration according to the remuneration policy for members of the board of directors, the committees emanating from it, and senior executives approved by the company's general assembly.
- The Board of Directors determines the remuneration and allowances that the secretary of the committee will receive for attending committee sessions.
- In the event that the General Assembly issued a decision to exempt a member from membership in the committee due to absence from three successive meetings or five separate meetings during his membership period without an excuse accepted by the Board of Directors, this member is not entitled to any remuneration or compensation for the period following the last meeting he attended, and he must return all rewards and compensation that were disbursed Him about that period.
- The company has the right to claim compensation for damage to its reputation and recover the rewards, compensation, and any other costs that the company incurred to facilitate the member's fulfillment of his responsibilities, in the event that the member commits an act that breaches honor and trust, fraud, or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country. Or when he breaches his responsibilities, tasks, and duties, which will result in harm to the interest of the company.

### Article thirteen: Review and update of the regulation

The regulation is subject to periodic review by the Board of Directors and the recommendation of the Audit Committee with the aim of developing and updating it in line with the relevant laws and regulations and in accordance with the Board's opinion. No amendment may be made to it except by a decision of the Board of Directors, provided that it is submitted to the General assembly for approval.

### Article Fourteen: Disclosure

First: Disclosure of the role of the audit committee

- A brief description of the terms of reference of the audit committee, stating the name of the committee, its chairman and members, the number of its meetings, dates of its convening, and the attendance data of members for each meeting.
- Recommendation of the audit committee regarding the need to appoint a director of the internal audit department in the company in case he is not present.
- The recommendations of the audit committee that there is a conflict between it and the decisions of the board of directors, or which the board refused to take into account regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance, or appointing the director of the internal audit department, the rationale for those recommendations, and the reasons for not taking them into account.



## Regulations and policies generated from Corporate Governance

### Second: Disclosure of the Audit Committee

The Board of Directors must disclose in its annual report the details of these regulations and the mechanisms for determining the remuneration of the members of the audit committee, and the amounts and financial and in-kind benefits paid to each member of the committee in exchange for any executive, technical, administrative, or advisory work or positions.

### Article Fifteen: Implementation

- The regulation shall be effective from the date of its approval by the General Assembly, and the responsibility for its implementation with the Board of Directors and the Audit Committee.
- The Board of Directors - with the support of the Audit Committee - reviews this regulation periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.
- This regulation is complementary to articles of association of the company, the corporate governance system, and the policies approved by the company pertaining to the Board of Directors and the committees emerging from it.
- All that is not provided for in this regulation to apply the relevant laws and regulations issued by the competent authorities.
- This regulation cancels and replaces all procedures, decisions and internal regulations of the company that contradict it.

# **Before modification**

## **Remuneration and Nomination Committee regulation**

### **Zahrat Al Waha for Trading**

Saudi public joint stock company



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company

## Regulations and policies generated from Corporate Governance

### Article One: Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted a list of work for the Remuneration and Nomination Committee and their selection based on competence and ability to represent the Remuneration and Nomination Committee, in a manner that ensures the availability of expertise, ability, scientific and practical knowledge. That would contribute to raising the company's strategic, supervisory, organizational, and operational efficiency, and determining the remuneration of the members of the Board of Directors and the Board of Directors' committees and the Executive Management, in accordance with the standards and controls contained in the Companies Law, the Corporate Governance Regulations and other relevant laws and regulations.

This regulation aims to organize the work of the Remuneration and Nomination Committee by defining its functions and authority, in addition to its work controls and procedures, and the rules for selecting its members, in light of the rules governing the Remuneration and Nomination Committee in the listed joint stock company and stipulated in the regulatory controls and procedures issued in implementation of the Companies Law of Joint Stock Companies Listed, and the Corporate Governance Regulations issued by the Capital Market Authority, the main objectives of the Remuneration and Nominations Committee are to assist the Board of Directors of the company to carry out the following tasks and responsibilities:

- Supervising the rewards and incentives plan for company employees and following up on their implementation.
- Supervising the administrative succession plans for senior leadership at the company level.
- Supervising the nomination process for membership of the Board, the committees emanating from it, and the company's executive management, and ensuring that it is linked to performance.
- Supervising and ensuring the application of the employee grievance policy.
- Managing the process of evaluating the performance of board and committee members.

### Article Two: Responsibilities

- The Remuneration and Nomination Committee is responsible for preparing and reviewing policies related to its work and proposing changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Secretary of the Board of Directors is responsible for supporting the Remuneration and Nomination Committee to issue and update this regulation, and to develop procedures that assist in its implementation.
- It is presented to the General assembly for approval.
- The company's Remuneration and Nomination committee are responsible for implementing what is stated in these regulations on behalf of the company's board of directors responsible for its implementation.
- The Board of Directors monitors the work of this committee regularly to verify the practice of the business assigned to it.

## Regulations and policies generated from Corporate Governance

### Article Three: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020. Amended by CMA Council Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH corresponding to 06/30/ 2022 AD.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019, Amended based on the decision of the Extraordinary General Assembly of the company on 01/11/1444 AH corresponding to 21/05/2023 AD.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019, Amended by Capital Market Authority Board Resolution No. (8-5-2023) dated 06/25/1444 AH 01/18/2023 AD.
- Corporate Governance Regulations.
- Membership policies and procedures for the Board of Directors' committees.
- A regulation of the work procedures of the Board of Directors.
- Governance Committee Regulations.

### Article Four: Formation of the Committee

- ◀ According to Article Fifty-eight of the Corporate Governance Regulations, the Remuneration and Nomination Committee is formed by a decision of the Board of Directors, provided that the company's general assembly issues the rules for selecting the members of the committee, their membership period, determining the committee's tasks, its work controls, and the remuneration of its members, based on a proposal from the Board of Directors.
- ◀ The board of directors of the company must notify the Capital Market Authority of the names of the members of the committee and their membership characteristics within five working days from the date of their appointment, and any changes that occur to that within 5 working days from the date of changes taking place.
- ◀ The Remuneration and Nomination Committee shall be formed from non-executive board members, whether from shareholders or from others, and the number of its members should not be less than 3 and not more than 5, including at least one independent board member, and rules for selecting its members are as follows:
  - That the candidate has a record of experience related to the functions of the Remuneration and Nomination Committee.

## Regulations and policies generated from Corporate Governance

- The candidate must have a good knowledge of the company's activities and business and the skills and experience required to manage it.
- The candidate must have a university degree.
- That a judgment has not been issued against the candidate for committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- The candidate's selection should not be contrary to the relevant rules, regulations, and instructions.
- ◀ The committee members choose from among them a chairperson for the term of the committee's membership, provided that he is an independent member of the board of directors. In the event that the committee chair is absent or unable to meet remotely, the members of the committee present will appoint a chairperson for the meeting.
- ◀ A committee member performs his duties from the date of his appointment by the board of directors and his membership ends in one of the following cases:
  - The end of the session of the Board of Directors.
  - His resignation, without prejudice to the company's right to compensation if the resignation occurred at an inappropriate time.
  - The member's inability from a health point of view to complete his duties in the committee.
  - A court ruling declaring his bankruptcy or insolvency or his request for a settlement with his creditors.
  - A conviction for committing an act that breaches honor and trust or for forgery, or for violating laws and regulations in the Kingdom of Saudi Arabia or in any other country.
  - A decision by the Board of Directors to exempt him from membership in the committee for any of the following reasons:
    - Breaching his responsibilities, tasks, and duties, which would result in harm to interest of company.
    - He was absent from three consecutive meetings within one year without a legitimate excuse.
    - Other than the above-mentioned reasons that the Board considers, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
  - Losing at any time any of the selection rules for membership in the Nominations and Remuneration Committee established under these regulations.
- ◀ If the position of one of the members of the committee becomes vacant in one of the previous cases or others during the term of membership, the Board may appoint a member in the vacant position, provided that he who meets the selection rules for membership of the committee referred to in these regulations and the new member completes the term of his predecessor.
- ◀ The committee shall have a secretary appointed by the board of directors.

## Regulations and policies generated from Corporate Governance

### Article Five: Duties and responsibilities of the committee

In light of what was stipulated in the rules governing the Remuneration and Nomination Committee in the Corporate Governance Regulations issued by the Capital Market Authority, duties and responsibilities of the committee are as follows:

First: The remunerations

- Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from it and the executive management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy that standards related to performance are followed, disclosed, and their implementation verified.
- Reviewing the remuneration policy periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and the skills and qualifications necessary to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.
- Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees emanating from it, and the senior executives of the company, in accordance with the policy approved by the company's general assembly.
- Determine the types of rewards that are granted to employees in the company and recommend them.
- Preparing an annual report on the remuneration granted to members of the Board of Directors, its committees emanating from it, and senior executives, provided that this report includes an explanation of the relationship between bonuses granted and remuneration policy in force, and any fundamental deviations from this policy.

Second: Nominations

1 .Board of Directors

- Preparing a policy and criteria for membership of the Board of Directors and recommending to the Board in this regard, for approval by the company's general assembly.
- Recommending to the Board of Directors the nomination for Board membership in accordance with the approved membership policy.
- Annual review of the required needs of appropriate skills for membership of the Board of Directors and preparation of a description of the capabilities and required qualifications.
- Reviewing the membership policy of the Board of Directors periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and the skills and qualifications required to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.
- Studying and recommending cases of conflict of interest for those wishing to run for membership of the Board of Directors.
- Study structure of the Board of Directors and make recommendations regarding changes that can be made.



## Regulations and policies generated from Corporate Governance

- Identifying the strengths and weaknesses of the board of directors and proposing remedies in accordance with the company's interest.
- Establishing procedures in the event of a vacancy in the position of a member of the Board of Directors or members of its committees emanating from it and recommending in this regard.
- Recommending to the Board of Directors the performance criteria to evaluate the work of the Board of Directors and its members and committees emanating from it.

### 2 .Members of the Board of Directors

- Determine the time that the member should allocate to the work of the Board of Directors.
- Ensure, on an annual basis, that the independent members are independent, and that there is no conflict of interest if the member is a member of the board of directors of another company.
- Establishing job descriptions for executive members, non-executive members, and independent members.
- Recommending to the Board of Directors to re-nominate or remove a member of the Board or members of the committees emerging from it.
- The committee should inform the board of directors of the results it reaches or takes in the form of decisions in a transparent manner.

### 3 .Senior executives

- Recommending to the Board of Directors the appropriate policies and standards for the appointment of senior executives, identifying the required capabilities and skills, and reviewing them periodically to ensure their suitability to the changes that may occur to the company's strategic objectives and the skills and qualifications necessary to achieve them.
- Developing job descriptions for senior executives, reviewing the company's organizational structure, and making recommendations regarding the changes that can be made.
- Preparing the criteria for evaluating the CEO's performance and informing him of them.
- Reviewing and approving the company's objectives related to CEO compensation.
- Reviewing the CEO's performance annually to ensure that he provides effective leadership of the company.
- Review management development programs and job replacement plans for senior executives in coordination with the CEO.
- Reviewing the evaluation objectives (including performance indicators) to be achieved within the rewards and incentive programs.
- Preparing an annual report on the remunerations paid to the executive management for inclusion in the company's annual report, in line with the applicable controls and regulations.
- Establishing and recommending succession procedures in the event the position of a senior executive is vacant. In order for the Remuneration and Nomination Committee to perform its duties, the Committee shall have the following authority:

## Regulations and policies generated from Corporate Governance

- o Requesting information and data that would assist the committee in studying the issues pertaining to it, or those referred to it by the board of directors.
- o To seek the assistance of experts, specialists, or others it deems fit in studying the issues that fall within its duties and responsibilities, after the approval of the Board of Directors.

Third: The induction program for the Board's new members

Recommending to the Board of Directors to set an induction program for new members of the Board so that the program covers the company's activities, the nature of its business and its financial and legal aspects.

Fourth: Other tasks and responsibilities

- Assisting the Board of Directors in developing and reviewing the organizational structure of the company and the operating model that organizes the relationship between the company and the related parties.
- Monitor the implementation of the employee grievance policy and ensure its effectiveness.

### **Article Six: The Committee's authority**

In order for the Remuneration and Nomination Committee to perform its duties, and in accordance with the relevant laws and regulations, it shall have the following authority:

- The right to investigate any matter that falls within its competencies and tasks, or any subject specifically requested by the Board.
- The right to seek legal and technical advice from any external party or any other independent advisory body whenever necessary to assist the committee in performing its duties.
- The committee has the right to view all data, information and records related to the remuneration and compensation of the company and to review the reports of administrative succession of executives.
- The company bears any costs required for the committee to carry out its work.

### **Article Seven: The committee's procedures controls**

#### **First: The terms of reference of the committee chairman and its secretary**

- The chairman of committee undertakes the following tasks:
  - Managing committee meetings and working to enhance its effectiveness.
  - Representing the committee before the Board of Directors.
  - The committee chairman or whomever he delegates from among the committee members must attend the general assemblies to answer shareholders' questions.
  - Calling the committee to convene with specifying the time, date, and place of the meeting, after coordination with the committee members.
  - Preparing the agenda, considering the topics that a committee member wishes to include.
  - Ensure that the topics presented to the committee are accompanied by sufficient information to enable the committee to take decisions regarding them.
  - Ensure that sufficient time is available to discuss the agenda items of the committee meeting.

## Regulations and policies generated from Corporate Governance

- Promoting the effective participation of members in the committee's meetings by studying and discussing issues on the agenda of its meetings, and by expressing their views in a manner that contributes to achieving the committee's goals.
- Ensure that committee members are provided with complete and correct information in a timely manner to enable them to perform their duties.
- Preparing periodic reports on the committee's activities and submitting its recommendations and findings to the Board of Directors.
- Follow up on the implementation of the decisions issued by the committee.
- Establishing the necessary arrangements for the evaluation of the committee's performance.
- The duties of the committee secretary are as follows:
  - Coordinating committee meetings, and developing a proposal for its agenda, in coordination with the committee chairman.
  - Informing committee members of the meeting dates and providing them with its agenda, and the documents necessary to study the meeting items.
  - Attending and documenting committee meetings, preparing its minutes in a special register.
  - The secretary of the committee submits periodic reports and minutes about the activities and work of the committee to the board of directors and performs all other tasks that may be entrusted to him by the committee.
  - Keeping documents, records and reports presented to or issued by the committee.
  - Providing assistance and advice to the committee in matters that fall within its competencies.
  - The committee secretary is not entitled to participate in or vote on any of the committee's decisions.

### **Second: The duties of a committee member**

- Comply with the provisions of the Companies Law, the Financial Market Law and their implementing regulations, the relevant regulations and the Company's Articles of Association when exercising its duties, and refrain from doing or participating in any action that harms the interests of the company.
- To be aware of the committee's duties and responsibilities, and he must allocate sufficient time to play his role in achieving them.
- Carry out his duties far from any external influence, whether from inside or outside the company and he must not advance his personal interests over the company's interests.
- Not accepting gifts from anyone who has business dealings with the company.
- Preparing for meetings and commitment to attend them and not be absent from them except for objective justifications notified to the Chairman of the Committee in advance and accepted by the Committee.
- Active participation in committee meetings by studying and discussing the topics on the agenda of its meetings.
- Work to enhance knowledge of organizational developments in the fields and topics related to the tasks and responsibilities of the committee.

## Regulations and policies generated from Corporate Governance

- Work to enhance knowledge of developments in the field of the company's activities and business and other related fields.

### **Third: Committee meetings**

- The committee meets once every one year at least, upon an invitation from its chairman, and the committee chairman must invite it to a meeting in exceptional cases, including, for example, if the board of directors or two members of the committee requests this, or if circumstances require that with an explanation of the reasons Requiring the extraordinary meeting call.
- The committee approves the dates and agenda of the fiscal year's meetings before their start, and the invitation is directed to attend the committee's meeting at least 5 days before its date. The meeting's invitation shall be accompanied by the agenda, documents, and information necessary to discuss the topics presented to the committee's meeting and take decisions in their regard.
- In exceptional cases, an invitation may be directed to attend the meeting at least (3) days before its date, in accordance with the invitation procedures specified in these regulations.
- The committee holds its meetings in the company's head office, and it may meet outside the head office after the approval of the board of directors.
- For the meeting to be valid, the attendance of the majority of the committee's members is required, and the committee member may - in cases of necessity - attend through the use of any means of communication, after the approval of the committee.
- The decisions of the committee are issued by the majority of the votes of the attending members, and with equal votes, the side with which the chairperson voted will prevail.
- A member of the committee has the right to object to any decision taken by the committee, provided that his objection is explicitly proven in the minutes of the meeting with a statement of the reasons for his objection, and his absence from attending the meeting at which the decision is issued is not considered a reason for exemption from responsibility unless it is proven that he is not aware of the decision or is unable to directly object to it. After knowing it.
- A committee member may delegate another member to attend the committee's meeting on his behalf or vote for him in the meetings.
- No member of the board of directors or executive management who is not a member of the committee is entitled to attend its meetings without an invitation from the committee to listen to his opinion or his advice.

### **Fourth: Documenting committee meetings**

- The committee secretary prepares the minutes of the committee's meeting documentation, which include the following:
  - Place, date, start and end time of the meeting.
  - Names of the members present and not attending, indicating the names of those invited to attend the meeting who are not members of the committee.

## Regulations and policies generated from Corporate Governance

- The deliberations and decisions of the committee, with an indication of the results of the vote and the reasons for the objections, if any.
- Determining the entity responsible for implementing the decisions taken, determining the time to initiate them, and the mechanism for following them up.
- The secretary of the committee sends the draft minutes of the meeting to the members of the committee, and the members of the committee must express their comments on the draft minutes - if any - within a maximum period of (5) working days from the date of the aforementioned transmission.
- After processing the comments of the members of the committee on the draft of the minutes, and after the approval of the chairman of the meeting, the secretary of the committee sends the draft after the amendment to the members of the committee in preparation for approval at the next committee meeting.
- The meeting minutes, accompanied by the meeting agenda and all accompanying documents, are kept in a special record signed by the committee chairman and secretary.

### **Fifth: Follow up on the work of the committee**

The chairman of the committee submits its recommendations and its findings to the board of directors, in the first meeting of the board following the committee meeting.

### **Sixth: Evaluating the committee's work**

The committee evaluates the results of its work periodically, provided that the evaluation elements include, for example, the level of effectiveness of the committee in carrying out the tasks assigned to it.

### **Article Eight: Confidentiality of the Committee's work**

The member of the committee must abide by maintaining the confidentiality of the information made available to him and the documents he is acquainted with, and he is not permitted in any way - even if his membership is terminated - to disclose it to any individual or entity unless he is authorized to do so by the Board of Directors, or to use None of this information is to achieve a personal benefit for him or one of his relatives or for others, and the company has the right to demand compensation in the event of a breach of what is mentioned in this article, as it applies to the secretary of the committee.

### **Article Nine: Conflict of Interest**

- The member must avoid situations that lead to a conflict of his interests with the interests of the company and the conflict of interests means that there is a direct or indirect interest for any member in a topic on the committee's agenda, and that interest would influence (or believe the influence of that interest) on the independence of a member's opinion. The committee who is supposed to express his professional opinion.
- If a member has any conflict of interest in a topic on the committee's agenda, he must disclose that before the discussion of the topic begins, provided that this is proven in the minutes of the meeting, and in this case, he may not attend the discussion of the relevant topic or participate in the discussion or vote. on him.

## Regulations and policies generated from Corporate Governance

- It is not permissible for a member of the committee to have a direct or indirect interest in contracts and business that are carried out for the company's account, and he may not participate in any work that would compete with the company or compete with company in one of branches of the activity that it is practicing.
- If a committee member fails to disclose his interest in the contracts and works that are carried out for the company's account, whether prior to his appointment as a member of the committee or during his membership, the company may claim before the competent judicial authority to annul the contract and compensation or obligate the member to pay any profit or benefit achieved for him from that.
- If a committee member fails to disclose his participation in any business that would compete with the company or if he competes with the company in one of the branches of his activity, the company may claim compensation from him before the competent judicial authority.
- It is not permissible for a committee member to exploit or benefit - directly or indirectly - any of the company's assets, information, or investment opportunities subject to its study - even if the decision is taken not to proceed with them - and he may not take advantage of these investment opportunities even after the end of his membership.
- If it is proven that the committee member has benefited from the investment opportunities, the company or any interested party may claim before the competent judicial authority to nullify any business, profit or benefit achieved from that investment opportunity. The company may also claim appropriate compensation.

### **Article Ten: Remuneration for Committee Members**

- A member of the committee is entitled to an annual remuneration in accordance with the remuneration policy for members of the board of directors, the committees emanating from it, and senior executives approved by the company's general assembly.
- The Board of Directors determines the remuneration and allowances that the secretary of the committee will receive.
- In the event of a decision issued by the Board of Directors to exempt a member from membership in the committee due to absent from three consecutive meetings within one year without an excuse accepted by the Board of Directors, this member is not entitled to any remuneration or compensation for the period following the last meeting he attended, and he must return all rewards and compensation that were disbursed Him about that period.
- The company has the right to claim compensation for damage to its reputation and recover the rewards, compensation, and any other costs that the company incurred to facilitate the member's fulfillment of his responsibilities, in the event that the member commits an act that breaches honor and trust, fraud, or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country. Or when he breaches his responsibilities, tasks, and duties, which will result in harm to the interest of the company.



## Regulations and policies generated from Corporate Governance

### Article Eleven: Review and update of the regulation

The regulation is subject to periodic review by the Board of Directors and the recommendation of the Remuneration and Nomination Committee with the aim of updating them in line with the relevant laws and regulations and according to the Board's opinion, and no amendment may be made to it except by a decision of the Board of Directors, it is submitted to the General assembly's approval.

### Article Twelve: Disclosure

First: Disclosure of the remuneration policy

The committee shall disclose in the report of the Board of Directors the information related to the remuneration policy as follows:

- Disclosure of the remuneration policy and how the remuneration of the members of the Board of Directors, the committees, and the executive management in the company are determined.
- Accurate, transparent, and detailed disclosure in the report of the board of directors about the remunerations granted to members of the board of directors and the committees and the executive management, directly or indirectly, without concealing or misleading whether they are amounts, benefits or advantages, whatever their nature and name. If the benefits are shares in the company, then the input value of the shares is the market value on the maturity date.
- Clarifying the relationship between the bonuses granted and the applicable remuneration policy and stating any material deviation from this policy.
- A statement of the necessary details regarding the remuneration and compensation paid to each of the following separately:
  - Board members.
  - Members of the Board of Directors' committees.
  - Five senior executives who received the highest remuneration from the company, including CEO and CFO.

Second: Disclosure of the role of the Remuneration and Nomination Committee

A brief description of the terms of reference of the Remuneration and Nomination Committee, noting the name of the committee, its chairman and members, the number of its meetings, dates of its convening, and the attendance data of members for each meeting

### Article Thirteen: Implementation

- This regulation shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation lies on the Board of Directors and the Remuneration and Nomination Committee.
- The Board of Directors - with the support of the Remuneration and Nomination Committee - reviews this regulation periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.

## Regulations and policies generated from Corporate Governance

- This regulation is complementary to articles of association of the company, the corporate governance system, and the policies approved by the company pertaining to the Board of Directors and the committees emerging from it.
- All that is not provided for in this regulation to apply the relevant laws and regulations issued by the competent authorities.
- This regulation cancels and replaces all procedures, decisions and internal regulations of the company that contradict it.



## **Before modification**

### **Rewards Policy for Members of The Board of Directors, Committees of The Board and The Executive Management**

#### **Zahrat Al Waha for Trading**

Saudi public joint stock company



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company

## Regulations and policies generated from Corporate Governance

### Article One: Introduction

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted a policy of remuneration for members of the Board of Directors, the committees emanating from it, and the executive management in the company in accordance with the standards and controls contained in the Companies' Law and the Corporate Governance Regulations. And other related laws.

The remuneration policy for the Board of Directors, the committees emanating from it and the executive management of the company has been prepared in order to comply with Article (58) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulates that the Remuneration and Nominations Committee shall "prepare a clear policy for the remuneration of members of the Board of Directors and the committees emanating from The Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy as following standards related to performance, disclosing them, and verifying their implementation.

### Article Two: Definitions

The following words and expressions shall have the meanings expressed in front of them, unless the context of the text requires otherwise:

**The Authority:** The Capital Market Authority.

**Policy:** The remuneration policy for members of Board of Directors, its committees, and executive management.

**Governance Regulations:** Corporate Governance Regulations issued by Board of Capital Market Authority.

**Corporate Governance System:** The corporate governance system for Zahrat Al Waha for Trading Company - a public Saudi joint stock company.

**The company:** Zahrat Al Waha for Trading Company - a public Saudi joint stock company.

**General Assembly:** An association formed from the company's shareholders under the provisions of the Companies Law and the Company's Articles of Association.

**Board of Directors or Board:** The Board of Directors of Zahrat Al Waha for Trading Company - a Saudi public joint stock company.

**The Committee:** Remuneration and Nominations Committee emanating from Company's Board of Directors.

**Executive Management/ Senior Executives:** The persons entrusted with managing the daily operations of the company, proposing, and implementing strategic decisions, and this includes the CEO of the company and the rest of the members of the executive management in the company

**Invited persons:** Any person who is invited to attend the committee meeting who is not a member.

**Remunerations:** amounts, allowances, profits, and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the board of directors for Purpose of performing his work.

## Regulations and policies generated from Corporate Governance

### Article Three: Policy Objectives

This policy aims to set clear standards for the remuneration of members of the Board of Directors, its committees, and senior executives in light of the requirements of the companies' system and the rules and regulations of the Capital Market Authority. The policy also aims to attract individuals with a degree of competence, ability, and talent to work in the Board of Directors, the committees emanating from it and the executive management through Adopting plans and programs that stimulate rewards and are linked to performance, which contribute to improving the company's performance and achieving the interests of its shareholders.

### Article Four: Responsibilities

- The Remuneration and Nominations Committee is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Board Secretary is responsible for supporting the Remuneration and Nominations Committee to issue and update this policy and to develop procedures that assist in its implementation.
- Remuneration policy is submitted to the General assembly for approval.
- The financial department and the human resources department in the executive management of the company is responsible for implementing what is stated in this policy under the supervision of the board of directors responsible for its implementation.

### Article Five: References

- The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 AH corresponding to 30/06/2022 AD.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority according to Resolution No. 8/16/2017 dated 16/05/1438 AH corresponding to 13/02/2017 AD based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437 AH, amended by Resolution No. 8/5/2023 of the Board of the Capital Market Authority dated 25/06/1444 AH 18/01/2023 AD based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443 AH.
- The company's articles of association issued on 10/10/1440 AH corresponding to 13/06/2019 AD based on the decision of the company's extraordinary general assembly dated 14/09/1440 AH corresponding to 19/05/2019 AD. And amended based on the decision of the company's extraordinary general assembly dated 01/11/1444 AH corresponding to 21/05/2023 AD.
- Corporate Governance Regulations issued according to the resolution of the Company's Extraordinary General Assembly dated 06/08/1439 AH corresponding to 22/04/2018 AD, and amended according to the resolution of the Company's Extraordinary General Assembly dated 01/11/1444 AH corresponding to 21/05/2023 AD.
- Regulations of the Remuneration and Nominations Committee.
- Regulatory controls and procedures are issued in implementing the Companies Law for listed joint stock companies issued by the Capital Market Authority.

## Regulations and policies generated from Corporate Governance

### Article Six: Remuneration criteria

Without prejudice to the statutory requirements, the company's articles of association, and the requirements of the governance regulation, the remuneration of the members of the Board of Directors, the committees emanating from it, and the executive management are subject to the following standards:

- Its consistency with the company's strategic plans, long-term and short-term goals, its activities, the sector in which it operates, the skill required to manage it, and the size, nature, and degree of risks of the company.
- That the remuneration be presented for Purpose of inducing the members of the board of directors, the committees emanating from it, and the executive management on the long-term success and development of the company, such as linking the variable part of the remuneration to performance in the long term.
- That remuneration is determined based on the level of the position, the tasks and responsibilities of the occupant, academic qualifications, practical experiences, skills, and level of performance.
- Considering the practices of other companies in determining remuneration, while avoiding the unjustified increase in rewards and compensation that may result from that.
- To aim to attract, maintain and motivate professional competencies, without exaggerating them.
- To prepare in coordination with the Remuneration and Nominations Committee and the Human Resources Department upon new appointments.
- Organizing the award of shares in the company to members of the Board of Directors, the committees emanating from it and the executive management, whether they are a new issue or shares purchased by the company.
- That the remuneration be fair and commensurate with the member's competencies, business and responsibilities undertaken by the members of the Board of Directors, in addition to Purposes set by the Board of Directors to be achieved during the fiscal year.
- Remuneration should be based on the recommendation of the Remuneration and Nominations Committee.
- Taking into consideration the sector in which the company operates, its size and the experience of the members of the Board of Directors.
- The remuneration is reasonably sufficient to motivate and retain competent and experienced board members.
- The remuneration of the members of Board of Directors and committees emanating of it consist of an annual bonus (a lump sum), attendance allowances per meetings and other entitlements as explained in this policy.
- The remuneration of the members of the audit committee is approved by the board of directors.
- A member of the Board of Directors may obtain a remuneration for his membership in the audit committee formed by the board of directors, or for any business, executive, technical, administrative or advisory positions - under a professional license - additional assigned to him in the company, in addition to the bonus that can be He obtains it as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and articles of Association.



## Regulations and policies generated from Corporate Governance

- The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks assigned to him, his independence, the number of sessions he attends, and other considerations.
- If the audit committee or body found that the remuneration paid to any of the members of the board of directors or the executive management was based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors, then they must be returned to the company and the company has the right to ask him to return them.

### **Article Seven: Remuneration for members of the Board of Directors and its committees**

- The remuneration of a member of the Board of Directors and all the benefits that he obtains - if any - shall be as approved by the General assembly, in accordance with the official decisions and instructions issued in this regard, and within the limits of what is stipulated in the Companies Law and its Regulations.
- The remuneration of a member of the Board of Directors may be a certain amount, an attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits.
- If the remuneration is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit of no less than (1%) of the company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and every estimate that is otherwise is void.
- In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets should not exceed an amount of five hundred thousand riyals annually, according to the controls set by the competent authority.
- The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or based directly or indirectly on profitability of company.
- Pursuant to what was mentioned in the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors and committees emanating from it shall be according to the table below:

#### 1- Members of the Board of Directors:

| Subject                                                  | Amount      |
|----------------------------------------------------------|-------------|
| Allowance for attending one session                      | SAR 4,000   |
| Remuneration for a non-executive board member (Deducted) | SAR 150,000 |
| Remuneration for an executive board member               | SAR Zero    |

Allowances for attending meetings and other allowances are disbursed annually, while the deducted allowance is disbursed after it has been approved by the General Assembly.

#### 2- Members of the Audit Committee:

| Subject                                                      | Amount     |
|--------------------------------------------------------------|------------|
| Allowance for attending one session                          | SAR 4,000  |
| Remuneration for a non-executive committee member (Deducted) | SAR 50,000 |

## Regulations and policies generated from Corporate Governance

Allowances for attending meetings and other allowances are paid annually, in addition to an annual deducted bonus after its approval by the Board of Directors.

### 3- Members of the Remuneration and Nominations Committee:

| Subject                                                      | Amount     |
|--------------------------------------------------------------|------------|
| Allowance for attending one session                          | SAR 4,000  |
| Remuneration for a non-executive committee member (Deducted) | SAR 30,000 |

Allowances for attending meetings and other allowances are paid annually, in addition to an annual deducted bonus after its approval by the Board of Directors.

### 4- Members of Risks Committee:

| Subject                                                      | Amount     |
|--------------------------------------------------------------|------------|
| Allowance for attending one session                          | SAR 4,000  |
| Remuneration for a non-executive committee member (Deducted) | SAR 30,000 |

Allowances for attending meetings and other allowances are paid annually, in addition to an annual deducted bonus after its approval by the Board of Directors.

### 5- Members of Governance Committee:

| Subject                                                      | Amount     |
|--------------------------------------------------------------|------------|
| Allowance for attending one session                          | SAR 4,000  |
| Remuneration for a non-executive committee member (Deducted) | SAR 30,000 |

Allowances for attending meetings and other allowances are paid annually, in addition to an annual deducted bonus after its approval by the Board of Directors.

## Article Eight: Remuneration for the Executive Management

- The Remuneration and Nominations Committee reviews the salary scale set for all employees and senior executives and the incentive program and plans on an ongoing basis and approves them based on the recommendation of the Executive Management. The remuneration of the Executive Management includes the following:
  - basic salary.
  - Medical insurance for him and his family.
  - Social insurance.
  - Transportation allowance or securing a suitable means of transportation.
  - Housing allowance or adequate housing insurance for him and his family.
  - Annual increase linked to performance indicators and according to the annual evaluation that is made in this regard.
  - An annual reward related to performance indicators and according to the annual evaluation that is made in this regard.
  - A long-term incentive bonus, if any.

## Regulations and policies generated from Corporate Governance

- Allowances and other benefits such as children's education allowance, travel tickets for him and his family, annual paid leave, and end-of-service benefits in accordance with the Saudi Labor Law and the company's human resources management regulations.
- Any bonuses or other allowances approved by the company's board of directors.
- The Remuneration and Nominations Committee reviews the general policies, plans, and programs for the remuneration of senior executives and submits its findings to the Board of Directors' approval.
- The CEO implements the remuneration policy for employees and senior executives in light of the general policies, plans and programs approved by the Nomination and Remuneration Committee and approved by the Board of Directors.
- The Remuneration and Nominations Committee reviews the CEO's annual incentives and rewards and submits them to the Board of Directors for approval.

### **Article Nine: Bonus Payments**

- Rewards - according to what is stipulated in the bonuses and benefits tables attached to this policy - shall be disbursed in Saudi riyals or its equivalent in any other currency, and the payment is made through a direct entry in the bank accounts specified by the concerned person.

### **Article Ten: General Provisions**

- Board members may not vote on the board members remuneration item at the general assembly meeting.
- This policy is complementary to the company's articles of association, corporate governance system, and governance regulations.
- Anything for which there is no text in this policy to apply the relevant laws and regulations issued by the competent authorities.

### **Article Eleven: Disclosure**

- The report of the Board of Directors to the General assembly must include a comprehensive statement of all remuneration, expenses allowance and other benefits that Board members received during the fiscal year, and it should also include a statement of what board members received as workers or administrators or what they received in return Technical, administrative or consulting works, and it should also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last general assembly meeting or during the fiscal year ending on December 31.
- Without prejudice to what is stated in the previous paragraph of this article, the company discloses the members of the board of directors, the committees emanating from it and the executive management (the five largest executives who received the largest rewards, including CEO and CFO) in accordance with regulatory requirements specified in governance regulation.

## Regulations and policies generated from Corporate Governance

### **Article Twelve: Implementation**

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation lies with the Board of Directors. This policy is published on the company's website to enable shareholders, the public and stakeholders to view it.

The Board of Directors - with the support of the Nomination and Remuneration Committee - reviews this policy periodically to ensure its suitability to changes that may occur to the nature of company's business, its strategic objectives, relevant legislation and regulations and the recommendation to General Assembly in this regard.



# **Before modification**

## **Social Responsibility Policy**

### **Zahrat Al Waha for Trading**

Saudi public joint stock company



شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company

## Regulations and policies generated from Corporate Governance

### Article One: Purpose

Zahrat Al Waha For Trading Company is keen to properly perform its social responsibilities, and therefore company seeks to establish strong and lasting relationships with the communities in which it operates and is keen to ensure that pioneering social responsibility programs it provides create tangible and positive economic and social benefits by contributing to reducing unemployment levels. In society and optimal use of available resources.

### Article Two: Responsibilities

- The executive management is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Secretary of the Board of Directors is responsible for supporting and assisting the Executive Management to issue and update this policy and to develop procedures that assist in its implementation.
- It is presented to the General assembly for approval.
- The company's executive management is responsible for implementing what is stated in this policy under the supervision of the company's board of directors responsible for its implementation.

### Article Three: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) on 16/5/1438 AH corresponding to 2/13/2017 amended by Resolution of the Board of the Capital Market Authority No. (3-57-2019) on 15/9/1440 AH corresponding to 5/20/2019.
- Corporate Governance Regulations.

### Article Four: Scope of the Policy

This policy applies to the company, the board of directors, its committees, and the executive management. It is important for all members of the Board of Directors, the committees emanating from it and the members of the executive management to understand the requirements of this policy and the instructions of the Capital Market Authority, other applicable laws, and regulatory requirements carefully, and to adhere to their contents, and in the event that the provisions of this policy differ with any of the legal or regulatory requirements in the Kingdom of Saudi Arabia. Legal and regulatory requirements take precedence over the provisions of this policy.



## Regulations and policies generated from Corporate Governance

### Article Five: Priority concentrate projects

Our efforts are focused on the principle of social responsibility on major areas, consistent with the company's ambitions and resources, and consistent with global issues and societal needs, and among these areas:

- Education in the field of science and technology.
- Water and sustainable agriculture.
- Environment protection.
- The health.

The company implements any of the following social responsibility programs in accordance with the annual social responsibility plan, and these programs include, for example, the following:

- Care / support.
- Donations.
- Charitable events.
- Educational programs.
- Volunteer programs.
- Employee and community awareness programs and campaigns.
- Campaigns for cultural and environmental coordination in the community.

### Article Six: Basic Principles

The corporate social responsibility mission of Zahrat Al Waha For Trading Company is based on the company's commitment to its promises to the communities in which it operates and serves, and is supported by several basic principles, including:

- Commitment to developing long-term and mutually beneficial partnerships with our communities.
- Considering and respecting the different cultures, values, customs, and choices of our societies.
- Providing social responsibility programs that add economic and social benefits to both the Zahrat Al Waha for Trading Company and the society.
- Implementing social responsibility programs in a methodology that enhances sustainability and prevents dependence on others.
- Monitoring and measuring, as much as possible, the results of social responsibility programs, and monitoring the areas that need development, in order to achieve continuous improvements.
- Sharing information about our performance and activities that have a significant impact on our communities.

### Article Seven: The axes of an effective social responsibility framework

All business and activities carried out by the company must be in line with the interests of society and sustainable development, sustainable development is defined by development that meets the needs of the present without compromising the ability of future generations to meet their own needs, ethical behaviors, laws, and regulations in force within the company's ongoing activities must also be reflected.

## Regulations and policies generated from Corporate Governance

The company's achievements in the field of social responsibility should be one of the positive indicators of the company's overall performance.

- Responsibilities to the community

The company is committed to making a positive contribution to the society in which it operates through the following:

- Helping to provide new job opportunities to absorb the workforce in society and create suitable conditions for them.
- Focusing on supporting and encouraging Saudi national manpower and raising their competitive efficiency.
- Actively consider interests of society and economic development when make important decisions.
- Protect the environment from pollution and other environmental damage.
- Encouraging and strengthening positive ethical behaviors and undertaking charitable and voluntary initiatives.
- Respect applicable laws and regulations.
- Designing the company's activities in line with the economic situation and cultural situation of society.
- Providing training programs to develop the capabilities of the target groups in society.

- Environmental responsibilities

The company realizes that the environment is a major component in terms of its social responsibility obligations, and therefore its positive contribution with regard to the environment must be ensured through:

- Giving high priority to protecting the environment by ensuring that its activities work in compliance with locally and internationally recognized environmental laws.
- Consider the environmental impact of products and services, including any consequences arising from the disposal or recovery of wastes or residues.
- Ensure that resources are not wasted, in addition to reuse or recycle materials and goods as much as practicable, with any remaining waste disposed of in a responsible manner.
- Reducing the company's use of carbon sources of energy and other natural resources.
- Supporting modern technologies that can achieve long-term environmental benefits.
- To propose internal and external initiatives for the preservation of the environment.
- Promote and reinforce environmental awareness campaigns directed at employees and the community.

- Responsibilities towards different groups of society

The company shall contribute towards the various groups in society through any of the following initiatives:

- Respect the cultural and social differences of different groups in society.
- Respect for people with different backgrounds, values, traditions, and cultures in a manner that does not contradict the traditions and laws of the Kingdom of Saudi Arabia.
- Supporting small projects and opening new horizons serving segments of society.
- Providing training programs to develop the capabilities of targeted groups of society.

## Regulations and policies generated from Corporate Governance

- Stakeholder participation

The company shall ensure participation and continuous communication with stakeholders to ensure a full understanding of social responsibility and contribution through the following:

- Learn about the interests and needs of stakeholders.
- Actively involving stakeholders in various activities, taking into consideration their needs and the consequences of this participation.
- Responding to the legal requirements of stakeholders.

- Responsibilities to employees

The development of employees, achieving a healthy work environment and ensuring mutual communication between the company and its employees has a great impact on enhancing the company's role with regard to social responsibility, through the following:

- Training and knowledge transfer and allowing employees to participate by creating a work environment that encourages and strengthens such participation.
- Improving the living and social conditions of the company's employees and their families.
- Improving the company's internal work environment.
- Encouraging social activities for company employees.
- Promote programs that ensure the existence of gender equality in the company.
- Encouraging, enhancing, and rewarding employee participation in effective, fair, and impartial manner.
- Establishing a safe and healthy work environment for company employees, by continuously monitoring health and safety risks and taking the necessary measures to mitigate these risks and holding training programs to increase awareness among employees in the field of health and safety.

Regular formal and informal meetings are held between the staff and management to address any concerns, inquiries and issues raised by the employees.

### **Article Eight: Review and Update of the Policy**

This policy is subject to periodic review by the Board of Directors and upon the recommendation of the Executive Management and may be amended by a decision of the General Assembly.

### **Article Nine: Disclosure**

- The company discloses the company's social responsibility goals to its employees through e-mail, the company's internal network, or the company's website.
- The company must ensure that all information related to social responsibility programs and initiatives is submitted to the CEO, to be announced in an accurate and timely manner through periodic reports on the company's activities on the company's website.

## Regulations and policies generated from Corporate Governance

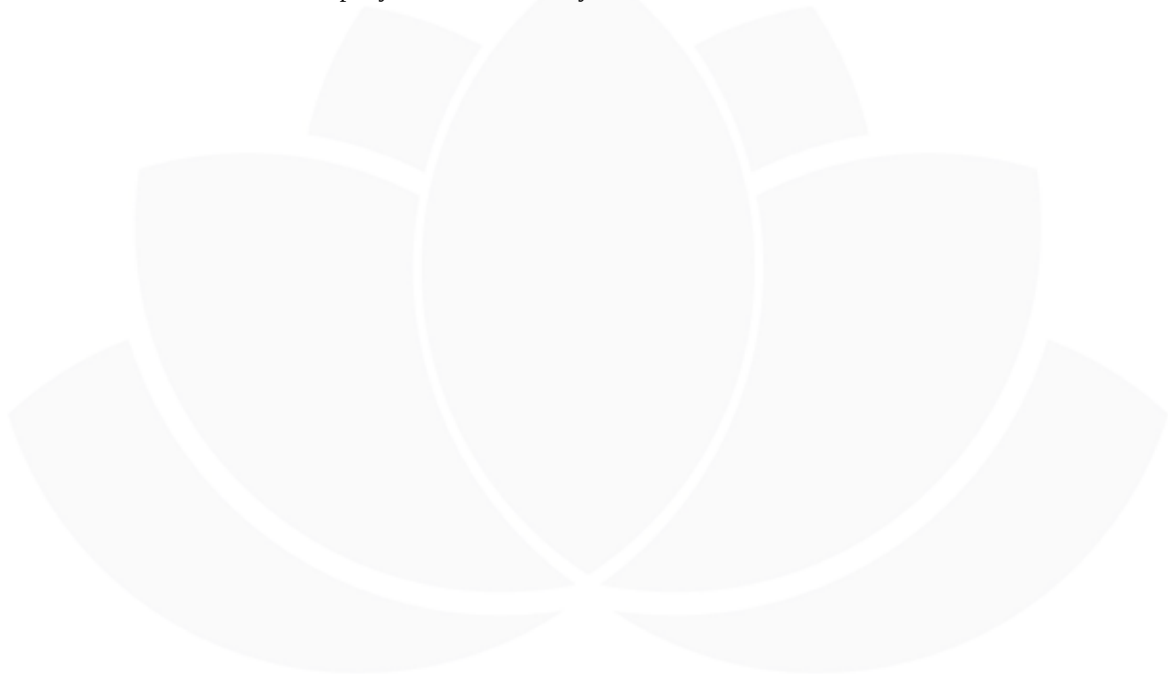
### **Article Ten: Approach**

The responsibility for implementing this policy rests with all employees of Zahrat Al Waha For Trading Company and its branches, as well as on contractors working in the various sectors of the company. The managers and officials of Zahrat Al Waha For Trading Company must share this policy and urge its implementation.

### **Article Eleven: Implementation**

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its application lies with the company's executive management on behalf of the board of directors responsible for its application.

The contents of this policy, except for the areas that will be disclosed or disclosed on the company's website, are confidential and are for the company's internal use only.



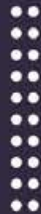


شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



# Board of Directors' Rules of Procedure

**After Modification**





## Article One: Introduction

The Board of Directors is the supreme authority of the Company and is responsible for directing its activities and overseeing its executive management in a manner that achieves the interests of shareholders and safeguards the rights of stakeholders, in accordance with the applicable laws and regulations. In line with the Company's commitment to the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and other relevant regulations, and in its pursuit of enhancing the principles of transparency, accountability, and integrity in the management of the Company's affairs, the Board of Directors has prepared this Regulation to serve as an organizational framework governing the mechanism of its work, defining its responsibilities and authorities, and regulating its relationship with its committees, executive management, and stakeholders.

This Regulation aims to establish solid foundations for sound corporate governance, ensuring fairness, protecting the rights of shareholders and stakeholders, enhancing the efficiency and effectiveness of strategic decisions, and developing the Company's performance in line with its objectives and future plans.

This Regulation is based on the following principles:

- **Compliance:** Ensuring that the Board's decisions and policies are consistent with the applicable laws and regulations, foremost among which are the Corporate Governance Regulations issued by the Capital Market Authority.
- **Transparency:** Enhancing the disclosure of material information in an accurate, fair, and timely manner to all shareholders.
- **Accountability:** Establishing the principle of individual and collective accountability of Board members for the decisions taken and their impact on the Company and its shareholders.
- **Efficiency and Independence:** Supporting the effectiveness of the Board through a balanced composition of executive, non-executive, and independent members, thereby ensuring effective oversight and supervision.
- **Risk Management:** Enhancing the Board's ability to anticipate potential risks, address them, and ensure business continuity.

This Regulation constitutes the primary reference for the procedures governing the work of the Board of Directors, and all components of the Company shall be bound to apply its provisions in both letter







and spirit, as it forms an integral part of the Company's Articles of Association and other related internal regulations. It also contributes to ensuring that the Board of Directors performs its role efficiently and effectively, and to strengthening confidence between the Company, its shareholders, investors, and all stakeholders.

## Article Two: Objective

This Regulation aims to establish an integrated regulatory framework that defines the controls and mechanisms governing the work of the Board of Directors, ensuring that it carries out its supervisory and oversight responsibilities in a manner consistent with the provisions of the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority, through the following:

- Organizing the work of the Board of Directors by defining the rules and procedures governing its meetings, decision-making mechanisms, and documentation thereof.
- Defining the authorities and responsibilities of the Board and its members to ensure the proper performance of their duties in accordance with the Corporate Governance Regulations and relevant laws.
- Enhancing the effectiveness of the Board in setting the Company's general policies, approving its strategies, monitoring their implementation, and overseeing performance.
- Establishing the principles of sound corporate governance, including transparency, accountability, and the protection of the rights of shareholders and stakeholders.
- Clarifying the relationship between the Board, its committees, and executive management to ensure coordination and integration and to avoid conflicts of interest and overlapping authorities.
- Strengthening internal control and risk management by establishing effective mechanisms to monitor internal control systems, risk management, and regulatory compliance.
- Defining the mechanism for handling and disclosing conflicts of interest in a manner that protects the Company's interests and prevents the misuse of authority for personal gain.
- Ensuring the availability of sufficient and accurate information to Board members to enable them to make decisions based on clear and sound grounds.
- Establishing a framework for the continuous evaluation and development of the performance of the Board, its members, and its committees, thereby enhancing the efficiency and quality of strategic decisions.





- Achieving compliance with the requirements of regulatory and supervisory authorities, foremost among which is the Capital Market Authority.

### Article Three: Responsibilities

#### First: The General Assembly of Shareholders

- Approving this Regulation and any material amendments thereto when submitted by the Board of Directors.
- Monitoring the Board of Directors' compliance with the implementation of its provisions in a manner that achieves the interests of shareholders and safeguards the rights of stakeholders.

#### Second: The Board of Directors

- Preparing this Regulation and approving it in its final form before submitting it to the General Assembly for approval, in accordance with the applicable laws and regulations.
- Periodically reviewing this Regulation (at least once every three years), or whenever necessary, to ensure its suitability considering regulatory and legislative developments.
- Exercising general oversight over the implementation of the provisions of this Regulation in all meetings of the Board and its committees.
- Ensuring that this Regulation is consistent with the Corporate Governance Regulations, Companies Law, and the implementing regulations issued by the Capital Market Authority.

#### Third: The Chairman of the Board of Directors

- Ensuring the Board's compliance with the procedures outlined in this Regulation.
- Overseeing the coordination of the Board's activities and meeting schedule in cooperation with the Secretary of the Board.
- Submitting recommendations to the Board regarding any required amendments to this Regulation.

#### Fourth: The Secretary of the Board of Directors

- Preparing and drafting the Regulation in coordination with the Board of Directors and the competent committees.
- Documenting all amendments and reviews made to the Regulation and maintaining them within the Board's records.





- Following up on the implementation of the procedures stipulated in this Regulation with respect to meeting invitations, preparation of agendas, and the recording and safekeeping of minutes.

#### **Fifth: Board Committees**

- Complying with the procedures and controls relevant to their functions as stipulated in this Regulation.
- Submitting periodic reports to the Board regarding the level of compliance with the procedures set out in this Regulation and the committee's internal regulations.

#### **Sixth: Executive Management**

- Cooperating with the Board of Directors and the Secretary in providing the information, data, and reports necessary for the implementation of the provisions of this Regulation.
- Implementing the decisions issued by the Board in accordance with the prescribed procedures.

#### **Article Four: References**

- The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, corresponding to 10/11/2015G, as amended by the resolution of the Board of the Capital Market Authority dated 01/07/1441H, corresponding to 25/02/2020G. It was further updated in accordance with the amended Companies Law pursuant to the CMA Board Resolution No. (8-5-2023) dated 25/06/1444H, corresponding to 18/01/2023G, based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H, corresponding to 30/06/2022G.
- The Company's Articles of Association issued on 10/10/1440H, corresponding to 13/06/2019G, pursuant to the Extraordinary General Assembly resolution dated 14/09/1440H, corresponding to 19/05/2019G. The Articles were subsequently amended pursuant to the resolutions of the Extraordinary General Assembly dated 01/11/1444H (21/05/2023G), 08/12/1446H (04/06/2025G), and 16/02/1447H (10/08/2025G).
- The Implementing Regulations of the Companies Law relating to Listed Joint Stock Companies issued by the Board of the Capital Market Authority.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H, corresponding to 13/02/2017G, as amended by CMA Board Resolution No. (3-57-2019) dated 15/09/1440H, corresponding to



20/05/2019G, and further updated pursuant to the amended Corporate Governance Regulations issued by CMA Board Resolution No. (8-5-2023) dated 25/06/1444H, corresponding to 18/01/2023G.

- The Company's Corporate Governance Regulations.

## Article Five: Definitions

For the purpose of applying the provisions of this Regulation, the following words and expressions shall have the meanings set out opposite each of them, unless the context requires otherwise:

- **Law:** The Companies Law issued in the Kingdom of Saudi Arabia and its amendments.
- **Regulation:** The Board of Directors' Rules of Procedure issued by the Company and approved by the General Assembly.
- **Authority:** The Capital Market Authority in the Kingdom of Saudi Arabia.
- **Board / Board of Directors:** The Board of Directors of Zahrat Al Waha for Trading Company is elected by the General Assembly of shareholders.
- **Chairman:** The Chairman of the Board of Directors of the Company.
- **Members:** Members of the Board of Directors, whether independent, non-executive, or executive.
- **Independent Members:** Independent members of the Board of Directors who meet the independence criteria set out in the Corporate Governance Regulations issued by the Capital Market Authority.
- **Non-Executive Members:** Members of the Board of Directors who do not hold executive or managerial positions in the Company and do not participate in its day-to-day management.
- **Executive Members:** Members of the Board of Directors who hold executive or managerial positions in the Company.
- **General Assembly:** The General Assembly of the Company's shareholders (ordinary or extraordinary).
- **Committees:** Committees formed by the Board of Directors (such as the Audit Committee, the Nomination and Remuneration Committee, the Risk Committee, etc.).
- **Secretary:** The person appointed by the Board of Directors to perform the duties of preparing meeting invitations, organizing meetings, recording minutes, and maintaining the Board's records.



- **Related Party:** Any natural or legal person who has a direct or indirect relationship with the Company in accordance with the definition set out in the Corporate Governance Regulations.

### Article Six: Formation of the Board of Directors

- The Company's Articles of Association shall specify the number of members of the Board of Directors, provided that it shall not be fewer than three (3) members.
- The Company shall be managed by a Board of Directors consisting of six (6) members who possess the necessary expertise to manage the Company's business. The Board shall include the Chairman of the Board, the Vice Chairman of the Board, and the Chief Executive Officer—who shall be full-time and may be appointed as a Managing Director. The Vice Chairman shall act in place of the Chairman in his absence. The members shall be elected by the General Assembly for a term not exceeding four (4) years and may be re-elected unless the Company's Articles of Association provide otherwise.
- A majority of the Board members must be non-executive members.
- The Board shall elect one of its members as Chairman of the Board and another as Vice Chairman.
- The number of independent Board members shall not be less than two (2) members or one-third of the Board members, whichever is greater.
- A Board member may not hold membership on the boards of more than five (5) listed joint stock companies at the same time.
- The positions of Chairman of the Board and any executive position in the Company—including the positions of Managing Director, Chief Executive Officer, or General Manager—may not be combined, even if the Company's Articles of Association provide otherwise.
- If a seat of a Board member becomes vacant, the Board of Directors shall appoint a temporary member to fill the vacancy without regard to the voting order. Such temporary appointment shall be presented to the General Assembly at its first meeting, and the new member shall complete the remaining term of his predecessor. If the number of Board members falls below three (3), an Ordinary General Assembly shall be convened within sixty (60) days to elect the required number of members.
- The Company shall notify the Capital Market Authority of the names of the Board members and the nature of their membership within a maximum period of ten (10) business days from the commencement of the Board's term or from the date of their appointment—whichever is earlier—





and of any changes to their membership within ten (10) business days from the date such changes occur.

- The Company shall notify the Capital Market Authority of the name of any resigning Board member within a maximum period of five (5) business days from the date of submission of the resignation.
- The Board of Directors shall clearly and in writing determine the authorities and responsibilities of the Chairman of the Board, the Vice Chairman, and the Managing Director—if any—where the Company's Articles of Association do not provide otherwise. In all cases, no single person may have absolute authority to make decisions within the Company.
- The Board of Directors shall appoint a Secretary to the Board and determine his duties, remuneration, and terms of engagement, provided that he meets the requirements prescribed for the Secretary of the Board under the Corporate Governance Regulations issued by the Capital Market Authority.

#### Article Seven: Conditions for Membership of the Board of Directors

A member of the Board of Directors must possess professional competence and have the experience, knowledge, skills, and required independence that enable him to perform his duties efficiently and effectively. In particular, the following shall be taken into consideration:

- **Leadership Capability:** The member shall possess leadership skills that qualify him to delegate authority in a manner that motivates performance, applies best practices in effective management, and ensures adherence to professional values and ethics.
- **Competence:** The member shall have appropriate academic qualifications, professional and personal skills, an adequate level of training, and practical experience relevant to the Company's current and future activities, or to management, economics, accounting, law, or governance, in addition to a willingness to learn and undergo continuous training.
- **Guidance Capability:** The member shall have technical, leadership, and managerial capabilities, the ability to make prompt decisions, and the capacity to comprehend the technical requirements related to workflow. He shall also be capable of providing strategic direction, planning, and having a clear future vision.
- **Financial Knowledge:** The members shall be able to read and understand financial statements and reports.







- **Medical Fitness:** The member shall not suffer from any health condition that would prevent him from performing his duties and responsibilities. The General Assembly shall, when electing members of the Board of Directors, take into consideration the recommendations of the Nomination and Remuneration Committee and the availability of the personal and professional qualifications necessary to effectively perform their duties, in accordance with the provisions of this Article.

#### Article Eight: Independence Criteria

- An independent member of the Board of Directors must be able to perform his duties, express his opinions, and vote on decisions with objectivity and impartiality, thereby assisting the Board in making sound decisions that contribute to achieving the Company's interests.
- The Board of Directors shall conduct an annual assessment of the extent to which a member's independence is maintained and verify that there are no relationships or circumstances that affect, or may affect, such independence.
- The independence required of an independent Board member shall be deemed compromised, for example but not limited to, in the following cases:
  - Ownership of five percent (5%) or more of the Company's shares, or of the shares of another company within the same group, or having a relative who owns such a percentage.
  - Having a kinship relationship with any member of the Board of Directors of the Company or of another company within its group.
  - Having a kinship relationship with any senior executive of the Company or of another company within its group.
  - Being a member of the board of directors of another company within the group of the company for which he is nominated to the Board of Directors.
  - Being, or having been during the past two years, an employee of the Company or of another company within its group, or owning controlling interests in the Company or in any party dealing with the Company or another company within its group, such as external auditors, major suppliers, or major customers during the past two years.
  - Having a direct or indirect interest in the businesses or contracts conducted for the benefit of the Company.
  - Receiving financial amounts from the Company, in addition to remuneration for Board or committee membership, exceeding SAR 200,000 or exceeding fifty percent (50%) of the





remuneration received in the previous year for Board or committee membership, whichever is less.

- Participating in any activity that competes with the Company, or trading in one of the business activities carried out by the Company.
- Having served for more than nine (9) consecutive or non-consecutive years as a member of the Board of Directors of the Company.
- Activities and contracts entered into to meet personal needs, or whose value does not exceed one percent (1%) of the Company's net revenues according to the latest audited financial statements, shall not be deemed interests that negate the independence of a Board member requiring authorization from the Ordinary General Assembly, provided that such activities and contracts are conducted under the same terms and conditions applied by the Company to the public and fall within the Company's ordinary course of business, unless the Nomination and Remuneration Committee determines otherwise.

#### **Article Nine: Responsibility of the Board of Directors**

- The Board of Directors represents all shareholders and shall exercise the duties of care and loyalty in managing the Company and in all matters that safeguard its interests, promote its growth, and maximize its value.
- The Board of Directors shall bear responsibility for the Company's business even if it delegates certain of its powers to committees, entities, or individuals. In all cases, the Board may not issue a general or open-ended delegation of authority.

#### **Article Ten: Core Functions of the Board of Directors**

Without prejudice to the powers vested in the General Assembly under the Companies Law, its Implementing Regulations, and the Company's Articles of Association, the Board of Directors shall have the broadest powers to manage the Company and direct its business in a manner that achieves its objectives. The Board of Directors is responsible for managing the Company and providing effective leadership to oversee the management of Zahrat Al Waha for Trading Company, in order to achieve the Company's stated objectives and ensure profitable and sustainable growth in its value.

The Board shall perform its responsibilities in accordance with the governing provisions set out in the Companies Law, the Corporate Governance Regulations, the organizational regulations issued pursuant





to the Companies Law for listed joint stock companies, the Company's Articles of Association, and the Company's Corporate Governance Regulations. The duties and powers of the Board of Directors shall include, in particular, the following:

- Setting plans, policies, strategies, and key objectives of the Company, supervising their implementation and periodically reviewing them, and ensuring the availability of the human and financial resources necessary to achieve them, including:
  - Establishing the Company's overall strategy, key business plans, and risk management policies and procedures, and reviewing and directing them.
  - Determining the optimal capital structure of the Company, its financial strategies and objectives, and approving budgets of all types.
  - Supervising major capital expenditures, and the acquisition and disposal of assets.
  - Setting performance objectives and monitoring implementation and overall performance of the Company.
  - Periodically reviewing and approving the Company's organizational and functional structures.
  - Verifying the availability of adequate human and financial resources to achieve the Company's objectives and key plans.
- Establishing systems and controls for internal oversight and exercising general supervision thereover, including:
  - Adopting a written policy to address actual and potential conflicts of interest for Board members, executive management, and shareholders, including misuse of the Company's assets and facilities, and improper conduct arising from transactions with related parties.
  - Ensuring the integrity of the financial and accounting systems, including systems related to the preparation of financial reports.
  - Ensuring the application of appropriate control systems to measure and manage risks by setting an overall framework for risks that the Company may face, creating a risk-aware culture across the Company, and disclosing such risks transparently to stakeholders and related parties.
  - Conducting an annual review of the effectiveness of the Company's internal control procedures.
- Preparing clear and specific policies, standards, and procedures for Board membership, without prejudice to the mandatory provisions of these Regulations, and implementing them after approval by the General Assembly.





- Recommending a dividend distribution policy for approval by the General Assembly.
- Establishing a policy governing relations with stakeholders to protect and preserve their rights, which shall, in particular, cover the following:
  - Procedures for stakeholders to submit complaints and report improper practices.
  - Mechanisms for compensating stakeholders in the event of infringement of rights protected by laws and contracts.
  - Mechanisms for resolving complaints or disputes that may arise between the Company and stakeholders.
  - Appropriate mechanisms for maintaining sound relationships with customers and suppliers and safeguarding the confidentiality of information relating to them.
  - Rules of professional conduct for managers and employees consistent with sound professional and ethical standards, regulating their relationship with stakeholders, with mechanisms established by the Board to monitor compliance and implementation.
- Adopting policies and procedures to ensure the Company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders and verifying executive management's compliance therewith.
- Supervising the management of the Company's financial resources, cash flows, and its financial and credit relationships with third parties.
- Establish effective communication channels that enable shareholders to continuously and periodically access information on the Company's various activities and any material developments.
- Submitting proposals to the Extraordinary General Assembly, as deemed appropriate, regarding:
  - Increasing or reducing the Company's capital.
  - Dissolving the Company before the term specified in the Articles of Association or deciding on its continuation.
- Submitting proposals to the Ordinary General Assembly, as deemed appropriate, regarding:
  - Use of the Company's reserves if not allocated for a specific purpose in the Articles of Association.
  - Establishment of additional reserves or financial provisions for the Company.
  - Method of distributing the Company's net profits.
- Preparing and approving the interim and annual financial statements of the Company before publication.





- Preparing and approving the Board of Directors' report prior to publication.
- Ensuring the accuracy and integrity of data and information subject to disclosure, in accordance with the Company's disclosure and transparency policies and procedures.
- Forming specialized committees by Board resolutions specifying each committee's term, powers, responsibilities, and the manner of Board oversight, with such resolutions naming the members and defining their duties, rights, and obligations, and evaluating the performance and work of such committees and their members.
- Preparing policies governing the types of remuneration granted to Company employees, such as fixed remuneration, performance-based remuneration, and share-based incentives, in a manner that does not conflict with the Implementing Regulations of the Companies Law for listed joint stock companies.
- Notifying the General Assembly, when convened, of any businesses or contracts in which a Board member has direct or indirect interest, including the information submitted by the member to the Board in accordance with paragraph (Third) of Article Thirteen of these Regulations, accompanied by a special report from the Company's external auditor.
- Determining the powers delegated by the Board to the Chief Executive Officer, including decision-making procedures and the duration of such delegation.
- Ensuring the establishment of procedures to familiarize new Board members with the Company's business, including approving a comprehensive induction program for new Board members and a continuous development program for Board members.
- Establishing mechanisms for the annual evaluation of the performance of the Board, its members, its committees, and executive management.
- Establishing the values and standards governing work within the Company.

### **Article Eleven: Powers of the Board of Directors**

- Without prejudice to the powers vested in the General Assembly, the Board of Directors shall have the broadest authority and powers to manage the Company, including making decisions, entering into contracts and agreements, and undertaking all other acts necessary to achieve the Company's objectives. In carrying out its duties, the Board may exercise all powers and perform all acts that the Company is entitled to undertake pursuant to its Articles of Association, provided that such acts are





not among those reserved to the shareholders' general assemblies in accordance with the Articles of Association and Companies Law.

- The Board of Directors represents all shareholders and shall exercise the duties of care and loyalty in managing the Company and in all matters that safeguard its interests, promote its growth, and maximize its value.
- The Board shall retain ultimate responsibility for the Company even if it forms committees or delegates certain powers to other entities or individuals. In all cases, the Board of Directors may not issue a general or open-ended delegation of authority.

### **Article Twelve: Powers Delegated to the Chief Executive Officer**

The Company's organizational structure shall specify the distribution of powers and responsibilities between the Board of Directors and executive management in line with best corporate governance practices, in a manner that enhances the efficiency of decision-making and achieves an appropriate balance of authority between them.

The Board of Directors shall delegate certain of its powers to the Chief Executive Officer to manage the Company's day-to-day operations, lead its employees, and implement its policies and strategic plans. Such delegated powers shall be defined in a Delegation of Authority Document approved by a resolution of the Board of Directors.

### **Article Thirteen: Governance of the Board of Directors' Operations**

#### **First: Powers of the Chairman and Vice Chairman**

- Without prejudice to the powers of the Board, the Chairman shall lead the Board and supervise the conduct of its work and the effective performance of its duties. In particular, the Chairman's responsibilities should include the following:
  - Leading the Board toward achieving its objectives and enhancing its effectiveness.
  - Representing the Company before third parties or delegating in writing certain of his powers to other Board members or others to carry out specific tasks, in accordance with the Companies Law, its Implementing Regulations, and the Company's Articles of Association.





- Supervising the preparation of the Board meeting agendas and ensuring the participation of Board members and the Chief Executive Officer in determining the topics and timing of Board meetings.
- Calling and chairing Board meetings and determining the time, date, and venue of such meetings, after coordination with Board members.
- Ensuring that Board members receive complete, clear, accurate, and non-misleading information in a timely manner.
- Verifying that the Board discusses all key matters effectively and in a timely manner.
- Encouraging members' effective participation in Board meetings through studying and discussing agenda items and expressing their views in a manner that contributes to achieving the Company's objectives.
- Ensuring the existence of effective channels of communication with shareholders and conveying their views to the Board.
- Promoting constructive relationships and effective participation between the Board and executive management, and among executive, non-executive, and independent members, and fostering a culture that encourages constructive criticism.
- Preparing the Board meeting agenda, taking into account any matters proposed by a Board member or raised by the external auditor, and consulting with Board members and the Chief Executive Officer when preparing the agenda.
- Ensuring compliance with the Board of Directors' Rules of Procedure.
- Notifying the General Assembly, when convened, of any businesses or contracts in which a Board member has direct or indirect interest, including the information provided by the member to the Board in accordance with paragraph (14) of Article Twenty-Eight of the Corporate Governance Regulations, accompanied by a special report from the Company's external auditor.
- The Vice Chairman shall assume the duties of the Chairman in his absence. In the event of the absence of both the Chairman and the Vice Chairman, the Board members shall select one of their number to chair the Board meeting.
- The Chief Executive Officer may not be appointed as Chairman of the Board during the first year following the termination of his service.
- The Board Secretary shall perform the duties stipulated in the relevant laws and regulations, including the following:

- Preparing the annual plan for Board meetings and submitting it to the Chairman.
- Preparing the Board meeting agenda in coordination with Board members and the Chief Executive Officer, and submitting the proposed agenda to the Chairman for approval by the Board.
- Notifying Board members of meeting dates and ensuring that they can review relevant information using modern technological means that enhance the efficiency of Board members' preparation for meetings.
- Attending Board meetings and recording deliberations in the meeting minutes prepared in accordance with applicable laws and regulations.
- Preparing, organizing, and maintaining Board meeting minutes and reports submitted to the Board, and making arrangements to ensure Board members' easy access to such minutes and related documents.
- Preparing Board resolutions and ensuring their communication after approval by the Board.
- Supervising and periodically updating the disclosure register and forms of Board members in accordance with applicable regulatory requirements.
- Reviewing compliance with the Board's Rules of Procedure and the charters of its committees and reporting the results to the Chairman.
- Providing advice and guidance to the Board, its committees, or its members on matters related to Board governance.
- Performing any other advisory duties assigned by the Board or any of its committees.
- Maintaining all minutes, records, reports, and other documents required to be kept under applicable regulations, including the Board's report and the Audit Committee's report, at the Company's head office for a period of not less than ten years or until the conclusion of any related litigation, claim, or investigation, whichever is longer.
- The Board Secretary may not be removed except by a resolution of the Board of Directors.
- The Board Secretary shall not participate in or vote on any Board resolutions.
- The Board shall determine the qualifications required for the Board Secretary, which shall include one of the following:
  - Holding a university degree in law, finance, accounting, management, or an equivalent field, with at least three years of relevant practical experience.
  - Having at least five years of relevant practical experience.



## **Second: Duties and Responsibilities of the Board Secretary**

The Board of Directors shall appoint a Board Secretary from among its members or others. The Secretary's duties and remuneration shall be determined by a Board resolution—unless otherwise provided in the Company's Articles of Association—and shall include the following:

- Documenting Board meetings and preparing minutes reflecting discussions and deliberations, stating the meeting venue, date, start and end times, documenting Board resolutions and voting results, maintaining them in an organized register, recording the names of attending members and any reservations expressed, and obtaining the signatures of the meeting chairman, all attending members, and the Secretary.
- Maintaining reports submitted to the Board and reports prepared by the Board.
- Providing Board members with the meeting agenda, working papers, documents, and related information, and any additional documents or information requested by any Board member related to agenda items.
- Verifying Board members' compliance with procedures approved by the Board.
- Notifying Board members of meeting dates sufficiently in advance.
- Circulating draft minutes to Board members for their comments prior to signing.
- Ensuring that Board members receive full and prompt copies of meeting minutes and related Company information and documents.
- Coordinating among Board members.
- Organizing the disclosure register of Board members and executive management in accordance with Article Twenty-Two of these Regulations.
- Providing assistance and advice to Board members.
- The Board Secretary may not be relieved of his duties except by a resolution of the Board of Directors.

## **Third: Duties and Responsibilities of Board Members**

Each Board member shall, through his membership, perform the following duties and responsibilities:





- Comply with the Companies Law, the Capital Market Law and their Implementing Regulations, and the Company's Articles of Association when performing his duties, and refrain from any act that may harm the Company's interests.
- Submit proposals for developing the Company's strategy.
- Monitor the performance of executive management and the extent to which it achieves the Company's objectives.
- Review reports on the Company's performance.
- Verify the integrity and accuracy of the Company's financial statements and information.
- Ensure the robustness of the Company's financial controls and risk management systems.
- Determine appropriate levels of remuneration for executive management.
- Express opinions on the appointment and dismissal of executive management members.
- Participate in succession and replacement planning for executive positions.
- Attend Board and General Assembly meetings and refrain from absence except for a legitimate reason notified in advance to the Chairman or due to emergency circumstances.
- Allocate sufficient time to fulfill responsibilities, prepare for Board and committee meetings, and participate effectively, including asking relevant questions and engaging with senior executives.
- Study and analyze information related to matters under Board consideration before expressing opinions.
- Enable other Board members to freely express their views and encourage deliberation and seek the opinions of relevant executive management members or others when necessary.
- Promptly and fully disclose to the Board any direct or indirect interest in businesses or contracts concluded for the Company's account, including the nature and scope of such interest, the names of related people, and the expected benefits, whether financial or non-financial, and refrain from voting on related decisions, in accordance with applicable laws and regulations.
- Promptly and fully disclose to the Board any participation, direct or indirect, in activities that compete with the Company or competing with the Company in any of its lines of business, in accordance with applicable laws and regulations.
- Refrain from disclosing or divulging any confidential information obtained through Board membership to any shareholder—except during General Assembly meetings—or to third parties, in accordance with applicable laws and regulations.





- Act on the basis of complete information, in good faith, and with due care and diligence, in the interest of the Company and all shareholders.
- Understand the duties, roles, and responsibilities arising from Board membership.
- Continuously develop knowledge of the Company's activities and business, and relevant financial, commercial, and industrial fields.
- Resign from Board membership if unable to properly fulfill Board duties.

#### **Fourth: Board Meetings**

- Subject to the Companies Law and its Implementing Regulations, the Board shall hold regular meetings to effectively perform its duties and shall convene additional meetings as necessary.
- The Board holds at least four meetings per year, with no fewer than one meeting every three months.
- Board meetings shall be convened upon invitation by the Chairman or at the request of a Board member. Invitations, together with the agenda and relevant documents, shall be sent to each Board member at least five days before the meeting date, unless urgent circumstances require a shorter notice period.
- A Board meeting shall be held if attended by at least half of the Board members (in person or by proxy), provided that no fewer than three members attend in person, unless the Articles of Association stipulate a higher quorum. In cases of necessity, members may attend via modern technological communication with the Chairman's approval.
- Where possible, the Board shall approve the proposed meeting dates and agendas for the financial year before its commencement.
- In exceptional cases, invitations may be sent less than five days before the meeting date in accordance with the procedures set out herein.
- Board meetings shall be held at the Company's head office and may be held elsewhere with Board approval. Meetings may also be held virtually using modern communication technologies in emergency circumstances with the Chairman's approval.
- Board resolutions shall be adopted by a majority vote of attending members. In the event of a tie, the Chairman's side shall prevail.
- The Board may adopt resolutions on urgent matters by circulating them to members, unless a member requests in writing that a meeting be convened to deliberate such matters. Such resolutions shall be presented to the Board at its next meeting.





#### **Fifth: Documentation of Board Meetings**

- The Board shall document its meetings and prepare minutes recording discussions, deliberations, and voting processes, organized and maintained for ease of reference.
- The Board of Secretaries shall prepare meeting minutes, including:
  - Meeting venue, date, start, and end times.
  - Names of attending and absent members.
  - Board deliberations and resolutions, voting results, and reasons for objections, if any.
  - Identification of the entity responsible for implementing adopted resolutions.
- Draft minutes shall be circulated to Board members, who shall submit any comments within a maximum of five business days from the date of circulation. Members may sign the minutes at the end of the meeting, where possible.
- After addressing members' comments and upon approval by the meeting chairman, the draft minutes shall be resent for adoption at the next Board meeting unless adopted during the same meeting.
- Approved minutes, together with the agenda and all related documents, shall be maintained in a special register signed by the Chairman and the Board Secretary.
- A member's absence from a meeting at which a resolution is adopted shall not exempt him from liability unless it is proven that he is unaware of the resolution or unable to object after becoming aware of it.

#### **Sixth: Remarks by Board Members**

- Any observations by a Board member regarding the Company's performance or matters presented but not resolved at a Board meeting shall be recorded, together with the actions taken or proposed by the Board, in the meeting minutes.
- If a Board member expresses a dissenting opinion to a Board resolution, such opinion shall be recorded in detail in the meeting minutes.

#### **Seventh: Regulation of Attendance at Board of Directors' Meetings**

- Procedures shall be established to regulate attendance at Board meetings and address irregular attendance by members.
- Independent Board members shall endeavor to attend all meetings at which significant and material decisions affecting the Company are taken.







### **Eighth: Follow-up on the Board of Directors' Activities**

- The Chairman or his delegate shall notify the relevant internal parties of Board resolutions for implementation.
- The Board Secretary shall present a report on the Board's activities and key resolutions in the Company's annual report.

### **Article Fourteen: Duties of the Independent Director**

Without prejudice to paragraph (Third) of Article Thirteen of this Regulation, the independent member of the Board of Directors shall actively participate in performing the following duties:

- Providing independent opinions on strategic matters, company policies, performance, and the appointment of executive management members.
- Ensuring that the interests of the Company and its shareholders are duly considered and prioritized in the event of any conflict of interest.
- Overseeing the development of the Company's governance rules and monitoring the executive management's compliance therewith.

### **Article Fifteen: Board of Committees**

#### **First: Formation of Committees**

- The Board of Directors shall form committees emanating from it to assist in the effective performance of its duties, in accordance with the Company's needs, circumstances, and the nature of its business, provided that the number of members of any formed committee shall not be less than three and not more than five.
- Committees shall be formed in accordance with general procedures established by the Board, specifying each committee's mandate, term, powers granted during such term, and the manner in which the Board supervises its work. Each committee shall transparently report to the Board the results it reaches, or decisions it takes, and the Board shall regularly follow up on the work of these committees to ensure that they properly carry out the duties assigned to them.
- Each committee shall be accountable to the Board of Directors for its activities, without prejudice to the Board's responsibility for such activities and for the authorities or powers delegated thereto.





- Chairpersons of the committees, or their designated representatives from among the committee members, shall attend General Assembly meetings to respond to shareholders' inquiries.
- The Company shall notify the Capital Market Authority of the names of committee members and their membership capacities within a maximum period of ten (10) business days from the date of their appointment, and of any changes thereto within ten (10) business days from the date such changes occur.
- The Company may merge the Nomination Committee and the Remuneration Committee into a single committee named the Nomination and Remuneration Committee. In such a case, the Nomination and Remuneration Committee shall satisfy the requirements applicable to each committee as set out in the Nomination and Remuneration Committee Charter of Zahrat Al Waha for Trading Company and shall exercise all powers stipulated therein, provided that the committee meets periodically at least once every six months.
- The Chairman of the Board may not be a member of the Audit Committee. By a resolution of the Board, he may be a member of other Board committees, provided that he does not chair any of the committees stipulated in the Corporate Governance Regulations issued by the Capital Market Authority.
- Each committee shall have a secretary appointed by the relevant committee, and the Board of Directors shall determine the remuneration and attendance allowances payable to such secretary for attending committee meetings.

## **Second: Follow-up on Committee Activities**

- Committees shall study matters falling within their mandates or referred to them by the Board of Directors and shall submit their recommendations to the Board for decision-making.
- The committee chairperson shall submit the committee's recommendations and conclusions to the Board of Directors at the first Board meeting following the committee meeting.
- Each committee shall be accountable to the Board of Directors for its activities.
- Each committee shall periodically evaluate the results of its work, with evaluation elements including, by way of example, the level of effectiveness of the committee in carrying out its assigned duties.
- All Board committees may seek the assistance of experts, specialists, or others, as they deem appropriate, in studying matters within their duties and responsibilities, subject to obtaining the





approval of the Board of Directors. Such engagement shall be recorded in the committee meeting minutes, specifying the expert's name and relationship, if any, with the Company or executive management.

### **Third: Committee Meetings**

- No member of the Board of Directors or executive management who is not a committee member may attend committee meetings except by invitation from the committee chairperson for the purpose of hearing their views or obtaining their advice.
- Committee meetings shall be valid if attended by a majority of the committee members, and resolutions shall be adopted by a majority vote of those present. In the event of a tie, the side voted for by the chairperson of the meeting shall prevail.
- Committees shall hold their meetings at the Company's head office, and may hold meetings outside the head office or through modern technological means if circumstances so require, subject to the approval of the committee chairperson.

### **Article Sixteen: Training of Board Members**

- The Chairman of the Board, or whoever acts in his stead, shall supervise the induction program for newly appointed members, with the assistance of the Board Secretary. The program shall include the following:
  - The Company's activities and the business it conducts.
  - The Company's strategy and future objectives.
  - The Company's organizational structure and the roles and responsibilities of its departments.
  - The financial and operational aspects of the Company's activities and business.
  - The obligations, duties, responsibilities, and rights of Board members.
  - The duties and powers of the committees emanating from the Board of Directors.
  - A visit to any of the Company's factories or one of its subsidiaries.
- The Board of Directors shall establish the necessary mechanisms to ensure that Board members, committee members, and executive management continuously receive training programs and courses aimed at developing their skills and knowledge in areas related to the Company's activities.
- Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall determine the continuous development program for Board members in light of the



annual review of required skills and capabilities, identifying strengths and weaknesses within the Board and proposing appropriate remedial actions in line with changes in the external market environment, contemporary issues, and economic developments, in a manner that serves the Company's best interests.

- The Board Secretary shall coordinate the approved training programs for the Board in cooperation with the Human Resources Department.

### **Article Seventeen: Evaluation of the Board of Directors' Performance**

- Based on the proposal of the Nomination and Remuneration Committee, the Board of Directors shall establish the mechanisms necessary to evaluate annually the performance of the Board, its members, its committees, and the executive management, through appropriate performance indicators linked to the achievement of the Company's strategic objectives, the quality of risk management, the adequacy of internal control systems, and other relevant factors. Strengths and weaknesses shall be identified, and appropriate remedial actions proposed in the best interests of the Company.
- Performance evaluation procedures shall be documented, clear, and disclosed to Board members and other persons subject to evaluation.
- Performance evaluation shall include an assessment of the skills and expertise possessed by the Board, identifying strengths and weaknesses, and addressing weaknesses through appropriate means, such as nominating qualified professionals capable of enhancing the Board's performance. The evaluation shall also cover the Board's overall working mechanisms.
- In the individual evaluation of Board members, due consideration shall be given to each member's effective participation and commitment to performing their duties and responsibilities, including attendance at Board and committee meetings and dedicating sufficient time thereto.
- The Board of Directors shall make the necessary arrangements to obtain an evaluation of its performance by an independent external specialized entity every three years.
- Non-executive Board members shall conduct a periodic evaluation of the Chairman's performance, taking into account the views of executive members—without the Chairman being present during the discussion held for this purpose—so as to identify strengths and weaknesses and propose appropriate remedial actions in line with the Company's best interests.



## Article Eighteen: Conflict of Interest within the Board of Directors

- A member of the Board of Directors shall be required to:
  - Perform his duties with honesty and integrity, not to place his personal interest above the interests of the Company and its shareholders, and not to exploit his position to achieve private interests.
  - Avoid situations of conflict of interest and disclose to the Board any conflict that may affect his impartiality when considering matters presented to the Board. In such cases, the Board of Directors shall not involve the members concerned in the deliberations, nor count their vote when voting on such matters in meetings of the Board of Directors or shareholders' general assemblies.
  - Maintain the confidentiality of information related to the Company and its activities and refrain from disclosing it to any person.
- A Board member is prohibited from exploiting or benefiting—directly or indirectly—from any of the Company's assets, information, or investment opportunities presented to him in his capacity as a Board member or presented to the Company. This includes investment opportunities that fall within the Company's activities or that the Company seeks to benefit from. This prohibition shall also apply to a Board member who resigns for the purpose of exploiting—directly or indirectly—investment opportunities that the Company seeks to benefit from and of which he became aware during his membership on the Board of Directors.
- If a Board member has any conflict of interest in a matter listed on the Board's agenda, he must disclose such conflict before the commencement of discussion of the matter, and such disclosure shall be recorded in the minutes of the meeting. In such a case, he shall not attend the discussion of the related matter, participate therein, or vote on it.
- A Board member may not have a direct or indirect interest in contracts concluded for the account of the Company, nor may he participate in any activity that would compete with the Company or compete with it in any line of business it conducts, except with the prior approval of the General Assembly, to be renewed annually, in accordance with the relevant statutory procedures.
- If a Board member fails to disclose his interest in contracts concluded for the account of the Company, the Company or any interested party may claim before the competent judicial authority the nullification of the contract or require the member to disgorge any profit or benefit obtained therefrom.





- If a Board member fails to disclose his participation in any activity that competes with the Company or competes with it in any of its business lines, the Company may claim before the competent judicial authority appropriate compensation.
- If a Board member is proven to have benefited from investment opportunities, the Company or any interested party may claim before the competent judicial authority the invalidation of any act, profit, or benefit arising from such investment opportunity. The Company may also claim appropriate compensation.

### Article Nineteen: Remuneration of Board Members

- A member of the Board of Directors shall be entitled to an annual remuneration in accordance with the Remuneration Policy for Members of the Board of Directors, the committees emanating therefrom, and senior executives, as approved by the Company's General Assembly.
- The Board of Directors shall determine the remuneration and attendance allowances to be paid to the Secretary of the Board of Directors for attending Board meetings.
- If a resolution is issued by the General Assembly to remove a Board member from Board membership due to absence from three consecutive meetings or five separate meetings during the term of membership, such member shall not be entitled to any remuneration or compensation for the period following the last meeting attended and shall be required to refund all remuneration and compensation paid to him for that period.
- The Company shall have the right to claim compensation for any damage to its reputation and to recover any remuneration, compensation, and any other costs incurred by the Company to facilitate the member's performance of his responsibilities, in the event the member commits an act involving dishonor or breach of trust, forgery, or violation of the laws and regulations in the Kingdom of Saudi Arabia or any other country, or fails to perform his responsibilities, duties, and obligations in a manner that results in harm to the Company's interests.

### Article Twenty: Board of Directors' Report

The Board of Directors' Report shall include a presentation of its activities during the most recent financial year and all factors affecting the Company's business. The Report shall include, at a minimum, the following:







1. The provisions of the Corporate Governance Regulations issued by the Capital Market Authority that have been applied, those not applied, and the reasons, therefore.
2. The names of the members of the Board of Directors, committee members, and executive management, along with their current and previous positions, qualifications, and experience.
3. The names of companies inside or outside the Kingdom in which any Board member currently serves or has previously served as a board member or executive.
4. The composition of the Board of Directors and the classification of its members are as follows: Executive Director, Non-Executive Director, and Independent Director.
5. The procedures adopted by the Board of Directors to inform its members—particularly non-executive members—of shareholders' proposals and observations regarding the Company and its performance.
6. A brief description of the committee's mandates and duties, such as the Audit Committee and the Nomination and Remuneration Committee, including the names of the committees, their chairpersons and members, the number of meetings held, meeting dates, and members' attendance records for each meeting.
7. The methods relied upon by the Board of Directors to evaluate its performance and the performance of its committees and members, and the external party that conducted the evaluation, if any, and its relationship with the Company.
8. Disclosure of the remuneration of Board members and executive management in accordance with Article Eighty-Seven of the Corporate Governance Regulations.
9. Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the Company by the Authority or any supervisory, regulatory, or judicial body, including the reasons for the violation, the imposing authority, and the means of remedying and avoiding recurrence.
10. The results of the annual review of the effectiveness of the Company's internal control procedures, in addition to the Audit Committee's opinion on the adequacy of the internal control system.
11. The Audit Committee's recommendation regarding the appointment of an internal auditor, if such a recommendation was made during the most recent financial year.
12. Audit Committee recommendations that conflict with Board decisions, or which the Board declined to adopt regarding the appointment, dismissal, determination of fees, or evaluation of the performance of the external auditor, or the appointment of the internal auditor, together with the justifications for such recommendations and the reasons for not adopting them.





13. Details of the Company's social contributions, if any.
14. The dates of the shareholders' general assemblies held during the most recent financial year and the names of the Board members who attended such assemblies.
15. A description of the Company's and its subsidiaries' main activities. Where two or more activities are described, a statement shall be attached for each activity indicating its impact on the volume of the Company's business and its contribution to results.
16. A description of the Company's significant plans and decisions (including structural changes, business expansion, or suspension of operations) and future expectations for the Company's business.
17. Information relating to any risks faced by the Company (whether operational, financing, or market risks), and the policy for managing and monitoring such risks.
18. A summary, in the form of a table or chart, of the Company's assets, liabilities, and results of operations for the last five financial years or since incorporation, whichever is shorter.
19. A geographical analysis of the total revenues of the Company and its subsidiaries.
20. An explanation of any material variances in operating results compared to the previous year's results or any forecasts announced by the Company.
21. An explanation of any deviation from the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants.
22. The name of each subsidiary, its capital, the Company's ownership percentage therein, its principal activity, the country of its principal place of operations, and the country of incorporation.
23. Details of shares and debt instruments issued by each subsidiary.
24. A description of the Company's dividend distribution policy.
25. A description of any interest in voting-right shares held by persons (other than Board members, senior executives, and their relatives) who have notified the Company of such rights pursuant to Article Sixty-Five of the Rules on the Offer of Securities and Continuing Obligations, and any change in such rights during the most recent financial year.
26. A description of any interest, contractual securities, and subscription rights held by Board members, senior executives, and their relatives in the shares or debt instruments of the Company or any of its subsidiaries, and any change therein during the most recent financial year.
27. Information relating to any loans incurred by the Company (whether payable on demand or otherwise), a statement of the Company's and its subsidiaries' total indebtedness, amounts paid by





the Company toward loan repayment during the year, the principal amount of each loan, the lender's name, its term, and the outstanding balance. If no loans exist, the Company shall provide a declaration to that effect.

28. A description of the classes and numbers of any convertible debt instruments and any contractual securities, subscription warrants, or similar rights issued or granted by the Company during the financial year, including the consideration received by the Company.
29. A description of any conversion or subscription rights pursuant to convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the Company.
30. A description of any redemption, purchase, or cancellation by the Company of any redeemable debt instruments, and the value of the remaining securities, distinguishing between listed securities purchased by the Company and those purchased by its subsidiaries.
31. The number of Board meetings held during the most recent financial year, their dates, and attendance records for each meeting showing the names of attendees.
32. The number of the Company's requests for the shareholders' register, the dates of such requests, and the reasons therefore.
33. A description of any transaction between the Company and a related party.
34. Information relating to any business or contracts to which the Company is a party, or in which any Board member, senior executive, or any related person has an interest, including the names of the parties concerned, the nature, terms, duration, and value of such business or contracts. If none exist, the Company shall provide a declaration to that effect.
35. A statement of any arrangements or agreements under which a Board member or senior executive waived any remuneration.
36. A statement of any arrangements or agreements under which any shareholder waived any dividend rights.
37. A statement of the value of statutory payments made and payable for any zakat, taxes, fees, or other dues not paid by the end of the annual financial period, with a brief description and reasons therefor.
38. A statement of the value of any investments or reserves established for the benefit of the Company's employees.
39. Declarations confirming the following:
  - a. That the accounting records have been properly prepared.
  - b. That the internal control system has been established on a sound base and implemented





effectively.

c. That there is no material doubt regarding the Company's ability to continue as a going concern.

40. If the external auditor's report includes qualifications on the annual financial statements, the Board of Directors' Report shall clarify such qualifications, the reasons therefor, and any related information.

41. If the Board of Directors recommends changing the external auditor before the end of the term for which he was appointed, the report should include such recommendations and the reasons for the change.

42. Information relating to any activities competing with the Company or any of its business lines carried out or previously carried out by any Board member, including the names of the parties involved and the nature and terms of such competitive activities. If none exists, the Company shall provide a declaration to that effect.

### **Article Twenty-One: Review and Update of the Charter**

This Charter shall be subject to periodic review by the Board of Directors for the purpose of development and updating in line with the relevant laws and regulations and as deemed appropriate by the Board. No amendment thereto may be made except upon a recommendation of the Board of Directors, provided that such amendment is submitted to the General Assembly for approval. It is noted that members of the Board of Directors may not vote on the item relating to Board members' remuneration at the General Assembly meeting.

### **Article Twenty-Two: Disclosure**

Without prejudice to the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules, the Board of Directors shall establish written disclosure policies, procedures, and supervisory systems in accordance with the disclosure requirements set forth in the Companies Law and the Capital Market Law—each as applicable—and their respective implementing regulations.

#### **First: Disclosure by Members of the Board of Directors**

The Board of Directors shall regulate disclosure processes relating to each of its members and members of the executive management, taking into account the following:



1. Establishing a special register for the disclosures of Board members and executive management and updating it periodically, in accordance with the disclosures required under the Companies Law and the Capital Market Law and their implementing regulations.
2. Making the register available for review by the Company's shareholders free of charge.

## **Second: Disclosure of Remuneration**

- Disclosure of the remuneration policy and the method for determining the remuneration of Board members and executive management of the Company.
- Accurate, transparent, and detailed disclosure in the Board of Directors' report of the remuneration granted to Board members and executive management, whether directly or indirectly, without concealment or misrepresentation, whether such remuneration consists of cash amounts, benefits, or privileges of whatever nature or designation. If the benefits are shares in the Company, the value recorded for the shares shall be their market value as of the entitlement date.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy and disclosing any material deviation from such policy.
- Disclosing the necessary details regarding the remuneration and compensation paid to each of the following separately:
  - Members of the Board of Directors.
  - Five of the senior executives received the highest remuneration from the Company, including the Chief Executive Officer and the Chief Financial Officer.
  - Members of the committees.

## **Article Twenty- Entry into Force**

- This Charter shall enter into force as of the date of its approval by the General Assembly, and responsibility for its implementation shall rest with the Board of Directors.
- The Board of Directors shall periodically review this Charter to ensure its suitability to changes that may arise in the nature of the Company's business, its strategic objectives, and the relevant laws and regulations, and shall make recommendations to the General Assembly accordingly.
- This Charter shall be complementary to the Company's Articles of Association, the Company's Corporate Governance Regulations, and the approved policies of the Company relating to the Board of Directors and its emanating committees.

- Any matter not expressly provided for in this Charter shall be governed by the relevant laws and regulations issued by the competent authorities.
- This Charter shall repeal and replace any procedures, resolutions, or internal regulations of the Company that conflict with its provisions.





شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



# Policies and Standards for Board of Directors Membership Procedures

**After Modification**





## Article One: Introduction

In line with the Company's commitment to applying the principles of transparency and fairness and enhancing the confidence of shareholders and stakeholders, and in its endeavor to entrench the values of sound corporate governance, the Company has adopted this policy governing membership of the Board of Directors. This policy is based on the Corporate Governance Regulations issued by the Capital Market Authority, the Saudi Companies Law, the Company's corporate governance framework, and relevant best practices.

Recognizing the importance of the Board of Directors as the supreme authority responsible for setting the Company's general policies, approving its strategies, monitoring their implementation, and overseeing its operations, the selection of Board members must be carried out in accordance with clear foundations and precise criteria that ensure the attraction of qualified competencies with appropriate academic and professional expertise, capable of contributing effectively to the protection of shareholders' interests, the growth of the Company's assets, and the sustainability of its business.

This policy also seeks to achieve balance and diversity in the composition of the Board in terms of experience and skills, and to ensure the availability of an adequate number of independent and non-executive members, thereby enhancing the objectivity of Board decisions and limiting conflicts of interest. It defines the criteria to be met by candidates, the procedures for nomination and election, and the disclosure mechanisms, ensuring clarity and fairness throughout all stages of Board membership.

This policy constitutes a key reference document for the Company, its shareholders, and candidates for Board membership, as it regulates rights and obligations, supports the principle of accountability, and enhances the effectiveness of the Board's work in accordance with applicable laws and regulations.

## Article Two: Objectives

This policy aims to achieve the following:

- **Enhancing Sound Corporate Governance:**

Establishing an organized and transparent framework for the selection and appointment of Board members in compliance with the Saudi Companies Law, the Corporate Governance Regulations issued by the Capital Market Authority, and the Company's governance framework.





- **Ensuring Competence and Effectiveness:**

Attracting members with practical experience, diverse knowledge, and the ability to effectively oversee the Company's business and make sound strategic decisions.

- **Achieving Balance and Diversity:**

Promoting diversity in the backgrounds, qualifications, and experience of Board members, and ensuring the presence of an appropriate number of independent and non-executive members to support impartial decision-making.

- **Enhancing Transparency and Fairness:**

Ensuring clarity and public disclosure of nomination and election criteria and procedures, thereby reinforcing the principle of equal opportunity among all Board candidates.

- **Protecting Shareholders' Rights:**

Enabling shareholders to select the most suitable candidates based on announced objective criteria, and ensuring full disclosure of candidates' data and experience prior to the election process.

- **Mitigating Conflicts of Interest:**

Ensuring that prospective Board members adhere to standards of integrity, independence, and impartiality, thereby reducing the likelihood of conflicts of interest.

- **Supporting Institutional Sustainability:**

Ensuring the continued availability of qualified competencies on the Board through clear policies and procedures that contribute to the Company's sustainability and the achievement of its short- and long-term objectives.

## Article Three: Responsibilities

### First: General Assembly of Shareholders

- Approving this policy and any amendments thereto.
- Electing the members of the Board of Directors from among the announced candidates in accordance with the provisions of the Companies Law and Capital Market Authority regulations.





- Dismissing any Board member if it is established that he/she has breached his/her duties or no longer meets the membership requirements.

## **Second: Board of Directors**

- Complying with and applying this policy following its approval by the General Assembly.
- Monitoring the implementation of the criteria and procedures set out in this policy when opening nominations or re-electing members.
- Submitting recommendations to the General Assembly regarding the election or dismissal of Board members in accordance with applicable laws and regulations, or regarding any required updates or amendments to the policy.

## **Third: Remuneration and Nomination Committee**

- Reviewing nomination applications and verifying their compliance with the criteria and requirements stipulated in this policy.
- Evaluating candidates and submitting its recommendations to the Board prior to presenting them to the General Assembly.
- Monitoring members' compliance with independence criteria and periodically updating their disclosures.
- Periodically reviewing the policy and proposing necessary amendments to the Board.

## **Fourth: Executive Management (General Secretariat or Board Secretary)**

- Announcing the opening of the nomination period and publishing the names and curricula vitae of candidates who meet the membership requirements, in accordance with regulatory requirements.
- Supporting the Remuneration and Nomination Committee by providing the necessary information and data on candidates.
- Coordinating with candidates to submit the required forms and documents in accordance with Capital Market Authority requirements.
- Coordinating with the Capital Market Authority to implement disclosure and transparency requirements relating to candidates.
- Ensuring the completion and publication of disclosures to shareholders and the General Assembly within the prescribed statutory period.





### **Fifth: Board Membership Candidates**

- Committing to submit all accurate and complete documents and information required for nomination.
- Disclosing any existing or potential conflicts of interest upon submitting the nomination application.
- Signing the undertakings and declarations approved by the Company and the Capital Market Authority.

### **Article Four: References**

- The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the decision of the Board of the Capital Market Authority dated 01/07/1441H (corresponding to 25/02/2020G), and updated pursuant to the amended Companies Law issued by the Board of the Authority Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- The Company's Articles of Association issued on 10/10/1440H (corresponding to 13/06/2019G) pursuant to the Extraordinary General Assembly resolution dated 14/09/1440H (corresponding to 19/05/2019G), as amended pursuant to the Extraordinary General Assembly resolutions dated 01/11/1444H (corresponding to 21/05/2023G) and 08/12/1446H (corresponding to 04/06/2025G), and 16/02/1447H (corresponding to 10/08/2025G).
- The Implementing Regulations of the Companies Law relating to listed joint stock companies issued by the Board of the Capital Market Authority.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), as amended by Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G), and updated pursuant to Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
- The Company's Corporate Governance Regulations.
- The Board of Directors' Rules of Procedure.
- The Audit Committee Charter.
- The Remuneration and Nomination Committee Charter.
- The Risk Committee Charter.
- The Governance Committee Charter.





## Article Five: Rules Governing Membership of the Board of Directors

In light of the provisions governing Board membership as stipulated in the Companies Law and the Corporate Governance Regulations, the criteria and procedures for Board of Directors' membership shall include the following:

### First: Responsibilities of the Remuneration and Nomination Committee in Nominating Board Members

The Remuneration and Nomination Committee shall assume key responsibilities to ensure the effectiveness and transparency of the process of selecting and nominating Board members, as follows:

- Recommending to the Board of Directors the nomination of a new member or the re-nomination of an existing member, in accordance with the Company's Articles of Association and the provisions of this policy.
- Ensuring that no person who has been convicted of a crime involving dishonesty or breach of trust is nominated.
- Establishing specific criteria for the capabilities, academic qualifications, and professional experience required for Board membership.
- Determining the time commitment that a nominated member must devote to the work of the Board and its committees.
- Conducting an annual periodic review of the skills and experience required by the Board to achieve the Company's objectives and strategies.
- Submitting recommendations regarding any identified gaps in the required skills and experience.
- Preparing a clear job description for Board members outlining their duties, responsibilities, and obligations.
- Publishing an announcement on the Company's website, the market website (Tadawul), and any other means determined by the competent authorities, inviting interested persons to apply for Board membership.
- Ensuring that the nomination period remains open for no less than one month from the date of the announcement.







- Ensuring that the list of nominees includes an adequate number of independent members, enabling the General Assembly to elect at least one-third of the Board members as independent members, or a higher number if required.
- Verifying that the number of nominees exceeds the number of available seats, so as to enable the General Assembly to exercise its right of selection.
- Coordinating with the Company's executive representative before the Capital Market Authority to provide the Authority with:
  - The nominees' curricula vitae in accordance with the approved CV template for Board membership candidates in listed joint stock companies.
  - Copies of nomination notices, supporting documents, and related attachments.

## **Second: Requirements for Nomination to Board Membership**

A candidate for Board membership shall be required to submit the documents and disclosures in accordance with the Companies Law, Capital Market Authority regulations, the Company's Articles of Association, and the Corporate Governance Regulations, as follows:

- Submitting a written application addressed to the Company's Remuneration and Nomination Committee expressing the desire to be nominated within the announced nomination period (not less than one month from the opening of nominations).
- Attaching to the application the curriculum vitae, academic qualifications, professional experience, and any supporting documents in accordance with the relevant statutory forms and requirements (in both Arabic and English).
- Submitting a statement listing the names of joint stock companies in which the candidate serves as a member of the board of directors or any of its committees.
- Submitting a statement of companies or entities in which the candidate participates in management or ownership and which conduct activities similar to or competing with the Company's business.
- Complying with disclosure obligations to the Board of Directors and the General Assembly—pursuant to the procedures prescribed by the Capital Market Authority—regarding any conflict of interest, including:
  - Any direct or indirect interest in the businesses or contracts conducted for the benefit of the Company.
  - Participation in any activity that competes with the Company or any of its lines of business.





- Submitting a statement indicating the number and dates of board memberships previously held by the candidate in other companies, if applicable.
- If the candidate has previously served as a member of the Company's Board of Directors in prior terms, a detailed statement of such terms shall be attached, with the Company completing any additional required information in this regard.

### Third: Conditions for Board Membership

A Board member must possess appropriate professional competence and academic qualifications, and have the necessary experience, knowledge, skills, and independence enabling him/her to perform duties efficiently and effectively. In particular, the following shall be taken into consideration:

- The candidate must not have been convicted of a crime involving dishonor or breach of trust, must not be insolvent or bankrupt, and must not be disqualified from Board membership under any applicable law or regulation in the Kingdom.
- A Board member shall not simultaneously hold membership on the boards of more than five listed joint stock companies.
- A Board member shall represent all shareholders and act in the best interests of the Company as a whole, and not in the interest of any particular group that he/she represents or that voted for his/her appointment.
- The number of independent Board members shall not be less than two members or one-third of the Board members, whichever is greater.
- An independent member must enjoy full independence in position and decision-making and must not be subject to any of the independence impairments set out in Article (19) of the Corporate Governance Regulations issued by the Authority.
- **Leadership capability:** Possessing leadership skills that enable delegation of authority, motivate performance, apply best practices in effective management, and adhere to professional values and ethics.
- **Competence:** Possessing appropriate academic qualifications, professional and personal skills, adequate training, and relevant practical experience in the Company's current and future activities, or in management, economics, accounting, law, or corporate governance, together with a willingness to learn and undergo training.





- **Guidance and direction capability:** Having the technical, leadership, and managerial abilities, decisiveness, understanding of technical work requirements, and the capacity for strategic direction, planning, and clear future vision.
- **Financial literacy:** Ability to read and understand financial statements and reports.
- **Medical fitness:** Absence of any health condition that would prevent the member from performing his/her duties and responsibilities.
- **Good conduct:** Ongoing adherence to professional ethics and to applicable laws, regulations, and instructions.

The General Assembly shall, when electing Board members, take into account the recommendations of the Remuneration and Nomination Committee and the availability of the personal and professional attributes required for the effective performance of duties, as set out in this Article.

#### **Fourth: Vacancies on the Board of Directors or Termination of Membership**

- **Temporary Appointment to a Vacancy:**
  - In accordance with the Company's Articles of Association, if a seat on the Board becomes vacant, the Board may appoint a temporary member to fill the vacancy in accordance with the selection criteria set out in this policy.
  - The competent authority shall be notified within five business days from the date of appointment, and such appointment shall be presented to the General Assembly at its first meeting.
  - The newly appointed member shall complete the remaining term of the predecessor.
- **Loss of Legal Quorum:**
  - If the Board is unable to convene due to a reduction in its members below the minimum number stipulated in the Articles of Association, the remaining members shall invite the General Assembly to convene within sixty days to elect the required number of members.
- **Termination of Membership and Dismissal:**
  - The Company's Articles of Association shall specify the manner in which Board membership terminates. The Ordinary General Assembly may, at any time, dismiss all or some Board



members, without prejudice to the member's right to claim compensation if the dismissal was for an unjustified reason or at an inappropriate time.

- A Board member may resign, provided that the resignation is submitted at an appropriate time; otherwise, the member shall be liable for any damage incurred by the Company.
- Based on a recommendation from the Board, the General Assembly may terminate the membership of any member who fails to attend three consecutive meetings or five non-consecutive meetings without a legitimate excuse accepted by the Board during a single term.

- **Notification upon Termination of Membership:**

- Upon the termination of a member's membership by any of the means stipulated in the Articles of Association, the Board Secretary shall immediately notify the competent authority at the Ministry and the Capital Market Authority, stating the reasons therefor.

- **Procedures upon Resignation with Observations:**

- If a Board member resigns while having observations regarding the Company's performance, he/she shall submit a written statement of such observations to the Chairman of the Board.
- Such statement shall be presented to all Board members for consideration and for taking the appropriate actions.

## **Article Six: General Provisions Governing Board Membership**

### **First: Disclosure of Information to Shareholders**

- The Company shall make available to shareholders adequate and comprehensive information regarding nominees for Board membership no less than twenty-one (21) days prior to the election date.
- Such information shall include a detailed description of each nominee's experience, academic qualifications, and professional skills, enabling shareholders to make an informed voting decision.

### **Second: Right to Nominate**

- Any shareholder shall have the right to nominate himself/herself, nominate another person, or nominate jointly with other shareholders for membership of the Board of Directors.
- Nomination shall be limited to the extent of the shareholder's ownership percentage in the Company's capital, in accordance with the provisions of the Company's Articles of Association and the regulations of the Capital Market Authority (CMA).



## Article Seven: Remuneration of Board Members

### First: Remuneration for Board Duties

- A Board member shall be entitled to a specified remuneration for Board duties, in addition to a meeting attendance allowance.

### Second: Additional Remuneration for Executive, Technical, or Advisory Assignments

- A Board member shall be entitled to additional remuneration for executive, technical, administrative, or advisory duties or positions assigned to him/her pursuant to a professional authorization, in addition to the basic remuneration received as a Board or Board committee member, in accordance with the Companies Law, the Company's Articles of Association, and the Company's Policy on Remuneration of Board Members, Board Committees, and Executive Management.

### Third: Remuneration for Committee Membership

- The Board of Directors may determine remuneration for Board members in consideration of their membership in committees formed by the Board.

### Fourth: Fairness and Proportionality Criteria

- Remuneration shall be fair and proportionate to the member's competencies, duties, and responsibilities, as well as aligned with the achievement of the objectives set by the Board during the financial year.

### Fifth: Suspension or Recovery of Remuneration

- Payment of remuneration may be suspended or recovered if it is determined that such remuneration was approved based on inaccurate information provided by the member.
- Remuneration shall be proportionate to the number of meetings actually attended by the member.

### Sixth: Compliance with Laws and Regulations

- In determining the remuneration of Board and committee members, all relevant laws and regulations shall be observed.
- In all cases, the total remuneration received by a member shall not exceed the limits prescribed by the competent authorities and as stipulated in the Companies Law and its implementing regulations.





## **Seventh: Remuneration Schedule**

- In implementation of the provisions of this Article, the remuneration and benefits of Board members shall be in accordance with the Company's Policy on Remuneration of Board Members, Board Committees, and Executive Management.
- Meeting attendance allowances and other allowances shall be paid annually, while the fixed annual remuneration shall be paid after approval by the General Assembly.

## **Article Eight: Review and Update of the Policy**

### **First: Periodic Review**

- This policy shall be subject to periodic review by the Board of Directors to ensure its continued suitability in light of changes in the Company's business nature, strategic objectives, and relevant laws and regulations.
- Recommendations for review and updating shall be prepared by the Remuneration and Nomination Committee.

### **Second: Amendment and Approval**

- This policy may be amended by a resolution of the General Assembly of Shareholders.
- Members of the Board of Directors shall not be entitled to vote on the item relating to Board members' remuneration when approving amendments at the General Assembly meeting, in order to ensure transparency and avoid conflicts of interest.

## **Article Nine: Disclosure**

### **First: Board of Directors' Annual Report**

- The Board of Directors shall disclose in its annual report the details of this policy, including the mechanisms for determining the remuneration of Board members, Board committees, and executive management.

### **Second: Disclosure of Remuneration and Benefits**

- Disclosure shall include all financial and in-kind amounts and benefits paid to each member of the Board of Directors in consideration of any duties, or executive, technical, administrative, or advisory positions.







### **Third: Transparency and Compliance**

- Such disclosure aims to enhance transparency, ensure compliance with applicable laws and regulations, and enable shareholders to clearly review the policies and remuneration.

### **Article Ten: Entry into Force and Implementation of the Policy**

#### **First: Entry into Force**

- This policy shall enter into force as of the date of its approval by the General Assembly of Shareholders.
- Responsibility for implementing this policy shall rest with the Board of Directors, which shall ensure full compliance with all its provisions.

#### **Second: Periodic Review and Recommendation of Updates**

- The Board of Directors, with the support of the Remuneration and Nomination Committee, shall periodically review this policy to ensure:
  - Its suitability in light of changes in the Company's business nature and strategic objectives.
  - Its compliance with relevant laws and regulations.
- The Board shall submit its recommendations to the General Assembly regarding any necessary updates or amendments to the policy.



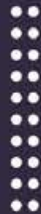


شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



# Audit Committee Charter

**After Modification**





## Article One: Introduction

In its commitment to enhancing the effectiveness of corporate governance, achieving the highest levels of transparency, and strengthening the efficiency of financial and supervisory performance, the Company has adopted this Audit Committee Charter to define the Committee's duties, authorities, controls, and operating mechanisms, in addition to the rules governing the selection, nomination, and remuneration of its members.

This Charter is issued in line with the Company's commitment to applicable laws and regulations and in a manner that reinforces the role of the Audit Committee as one of the Company's key committees. The Audit Committee represents a fundamental oversight mechanism responsible for supervising internal and external audit activities, internal control systems, and risk management, as well as for developing the operating mechanisms of these functions to ensure the protection of shareholders' interests and the integrity of the Company's financial and administrative information.

This Charter also aims to establish a clear framework that ensures the Committee performs its duties independently and effectively, enabling it to monitor the Company's performance, verify compliance with applicable laws, regulations, and approved policies, and submit the necessary recommendations to the Board of Directors, thereby supporting strategic decision-making and the achievement of the Company's objectives.

## Article Two: Objectives

- Enhancing internal control and institutional transparency by ensuring the effectiveness of the Company's internal control systems and financial and administrative procedures, and by safeguarding the quality and accuracy of financial information and reports submitted to the Board of Directors and shareholders.
- Ensuring compliance with laws and regulations by monitoring the Company's adherence to all applicable laws, regulations, and instructions at the local and international levels, thereby protecting the interests of the Company and its shareholders.
- Supervising internal and external audit activities by overseeing the performance and procedures of internal and external audit functions, ensuring their independence and objectivity, and recommending necessary improvements.
- Evaluating risk management systems by monitoring risk management frameworks, ensuring their adequacy and effectiveness, and reviewing corrective actions and plans to address material observations.





- Supporting the decision-making process and enhancing the effectiveness of the Board of Directors by providing recommendations based on an objective assessment of the Company's financial, administrative, and operational data.
- Defining and ensuring responsibilities by establishing a clear framework for the responsibilities of the Committee and its members, and regulating their work in a manner that promotes effective and independent performance.
- Protecting the interests of shareholders and stakeholders by ensuring that the Company's activities and decisions are aligned with shareholders' interests, and by providing mechanisms for reporting violations and protecting whistleblowers.

### Article Three: Responsibilities

#### First: The Audit Committee

- Preparing and reviewing the Audit Committee Charter, proposing any amendments or improvements it deems appropriate, and submitting them to the Board of Directors for approval.
- Overseeing the performance of the Committee's duties and ensuring compliance with the procedures and policies stipulated in this Charter.
- Submitting recommendations and observations to the Board of Directors regarding the Company's supervisory, financial, and administrative activities.

#### Second: Secretary of the Committee

- Supporting the Committee in preparing for its meetings and coordinating the agenda in cooperation with the Committee Chair.
- Documenting Committee meetings, preparing the minutes, and maintaining them in an organized and dedicated register.
- Submitting minutes and periodic reports on the Committee's activities to the Board of Directors.
- Following up on the implementation of the Committee's recommendations and providing administrative and technical support to Committee members, without having voting rights.

#### Third: The Board of Directors

- Regularly monitoring the work of the Audit Committee to ensure that it performs its assigned duties efficiently.





- Approving the recommendations submitted by the Committee to the Board and taking the necessary actions thereon.
- Providing the Committee with the resources required to perform its duties, including engaging experts and advisors when necessary.

#### **Fourth: The General Assembly**

- The Audit Committee Charter shall be presented to the Ordinary General Assembly for approval.
- Any amendment to this Charter shall be presented to the General Assembly for approval in accordance with the applicable statutory procedures.

#### **Fifth: Committee Members**

- Complying with the provisions of the Companies Law, the Corporate Governance Regulations, and the Company's internal policies while performing their duties.
- Refraining from any activity that may harm the Company's interests or affect the independence of the Committee.
- Disclosing any conflict of interest prior to discussing any item included on the Committee's agenda.

#### **Article Four: References**

- The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the decision of the Board of the Capital Market Authority dated 01/07/1441H (corresponding to 25/02/2020G), and updated in accordance with the amended Companies Law by the decision of the Board of the Authority No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), pursuant to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- The Company's Articles of Association issued on 10/10/1440H (corresponding to 13/06/2019G) pursuant to the Extraordinary General Assembly resolution dated 14/09/1440H (corresponding to 19/05/2019G), as amended pursuant to the Extraordinary General Assembly resolutions dated 01/11/1444H (corresponding to 21/05/2023G), 08/12/1446H (corresponding to 04/06/2025G), and 16/02/1447H (corresponding to 10/08/2025G).
- The Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the Board of the Capital Market Authority.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G),





as amended by Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G), and updated pursuant to the amended Corporate Governance Regulations issued by Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).

- The Company's Corporate Governance Charter.
- Policies and procedures governing membership of Board committees.
- The Board of Directors' Rules of Procedure.
- The Remuneration and Nomination Committee Charter.
- The Governance Committee Charter.

### Article Five: Definitions

- Committee: The Audit Committee formed by the Board of Directors and entrusted with overseeing internal and external audit activities, internal control systems, and risk management, in accordance with this Charter and the applicable laws and regulations.
- Board: The Company's Board of Directors elected in accordance with the Company's Articles of Association and the applicable laws and regulations.
- Secretary of the Committee: The person assigned to coordinate the Committee's work, prepare the agendas of its meetings, document meeting minutes, and follow up on the implementation of its recommendations, without having voting rights.
- Members: All individuals appointed to the Audit Committee in accordance with the rules governing the formation of the Committee as set out in this Charter.
- Independent Member: An Audit Committee member who has no relationship with the Company or any of its related parties that would impair his or her integrity and independence, and who satisfies the independence requirements stipulated in the Companies Law and the Corporate Governance Regulations.
- Executive Management: All senior executives of the Company responsible for managing the Company's day-to-day operations in accordance with the directives issued by the Board of Directors.
- Internal Audit: Independent and systematic oversight activities carried out by the Internal Audit Department to assess the effectiveness and efficiency of internal controls, compliance with policies, and the integrity of financial and operational data.
- External Auditor / External Audit: The approved external audit firm appointed to audit the Company's financial statements and issue an independent report thereon.





- Relevant Laws and Regulations: All laws, regulations, resolutions, and instructions issued by the competent regulatory authorities, including the Companies Law, Capital Market Authority regulations, and the Company's relevant internal regulations.
- Conflict of Interest: Any situation in which a Committee member or any related party has a direct or indirect interest in a matter presented on the Committee's agenda that may affect the independence of the member's opinion or decision.

#### Article Six: Formation of the Committee

- An Audit Committee shall be formed by a resolution of the Company's Board of Directors from among shareholders or others, provided that it does not include any executive members of the Board. The number of Audit Committee members shall not be less than three (3) and not more than five (5), and shall include at least one member specialized in financial and accounting matters. The Committee shall be formed in accordance with the following rules:
  - At least one member of the Audit Committee shall be an independent member.
  - The nominee shall have a record of experience relevant to the duties of the Audit Committee.
  - The nominee shall have good knowledge of the Company's activities, business, and the risks it faces.
  - Among the nominees shall be individuals specialized in financial and accounting matters, such as holders of a university degree or a professional certification in accounting.
  - The nominee shall not be an employee (nor have been an employee during the past two years) of the Company, any company within its group, or any related party thereto, such as the external auditor, major suppliers, or major customers, nor shall the nominee have owned controlling interests in any of such parties during the past two years.
  - No judgment shall have been rendered against the nominee for committing an act involving dishonesty, breach of trust, or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country.
  - The nomination shall not violate any applicable laws, regulations, or instructions.
- The Committee members shall elect from among themselves a Chair for the term of the Committee's membership. In the absence of the Chair or his/her inability to attend the meeting (including remote attendance), the members present shall appoint a Chair for that meeting.

- A Committee member shall assume his/her duties from the date of appointment, and his/her membership shall terminate upon the occurrence of any of the following events:
  - Expiration of the term of the Board of Directors.
  - Resignation, without prejudice to the Company's right to compensation if the resignation occurs at an inappropriate time.
  - Incapacity due to mental illness or physical disability preventing the member from performing his/her duties on the Committee.
  - Issuance of a final court judgment declaring bankruptcy or insolvency, or submission of a request to enter a settlement with creditors.
  - Conviction for committing an act involving dishonesty or breach of trust, forgery, or violation of the applicable laws and regulations in the Kingdom of Saudi Arabia or in any other country.
  - Issuance of a resolution by the Board of Directors to raise the member from Committee membership for any of the following reasons:
    - Breach of his/her responsibilities, duties, or obligations resulting in harm to the Company's interests.
    - Absence from three (3) consecutive meetings or five (5) separate meetings during the term of membership without a legitimate excuse.
    - Any other reasons deemed appropriate by the Board of Directors, without prejudice to the removed member's right to claim compensation from the Company if the removal occurs for an unjustified reason or at an inappropriate time.
  - Loss, at any time, of any of the eligibility criteria for Audit Committee membership prescribed by law or under this Charter.
- If a vacancy arises in the membership of the Committee for any of the foregoing reasons or otherwise during the term of membership, the Board may appoint a replacement member, provided that he/she meets the eligibility criteria for Committee membership stipulated in this Charter, and the new member shall complete the remaining term of his/her predecessor.
- The Committee shall appoint a Secretary, whether from among its members or from among those it deems appropriate from the Company's management team, to prepare for the Committee's meetings and activities, prepare and document the minutes, and follow up on the implementation of its recommendations, directives, and resolutions, without having voting rights.



- The Ordinary General Assembly of the Company shall, based on a proposal by the Board of Directors, issue the Audit Committee Charter. Such a Charter shall include the controls and procedures governing the Committee's work, its duties, the criteria for selecting its members, the nomination mechanism, the term of membership, remuneration, and the mechanism for the temporary appointment of Committee members in the event of a vacancy.
- A member of the Audit Committee may not concurrently serve on the audit committees of more than five (5) listed joint stock companies at any one time.

### Article Seven: Independence Impairments

All provisions applicable to members of the Board of Directors with respect to independence impairments shall apply to the members of the Audit Committee, as follows:

- An independent Committee member must be able to perform his/her duties, express opinions, and vote on resolutions objectively and impartially, in a manner that assists the Board of Directors in making sound decisions that contribute to achieving the Company's interests.
- The Committee shall conduct an annual assessment of the independence of its members to ensure that no relationships or circumstances exist that may affect or could affect such independence.
- The independence required of an independent Audit Committee member shall be deemed impaired, by way of example and not limitation, in any of the following cases:
  - Ownership of five percent (5%) or more of the Company's shares or the shares of any other company within its group, or having a kinship relationship with a person who owns such percentage.
  - Having a kinship relationship with any member of the Board of Directors or committees of the Company or any other company within its group.
  - Having a kinship relationship with any senior executive of the Company or any other company within its group.
  - Being a member of the board of directors of another company within the group of the Company for which he/she is nominated.
  - Being employed, or having been employed during the past two years, by the Company or any other company within its group, or owning controlling interests in the Company or any party dealing with the Company or any other company within its group, such as external auditors, major suppliers, or major customers, during the past two years.





- Having a direct or indirect interest in the businesses or contracts conducted for the benefit of the Company.
- Receiving financial amounts from the Company, in addition to the remuneration for Committee membership or any of its committees, exceeding SAR 200,000 or exceeding 50% of the remuneration received in the previous year for Board or committee membership, whichever is less.
- Participating in any activity that competes with the Company, or engaging in trade in any of the business activities carried out by the Company.
- Having served for more than nine (9) consecutive or non-consecutive years as a member of the Company's Board of Directors.
- Activities and contracts carried out to meet personal needs shall not be deemed interests impairing the independence of a Committee member that require approval from the Ordinary General Assembly, provided that such activities and contracts are conducted under the same terms and conditions applied by the Company to the general public and fall within the Company's ordinary course of business, unless the Nomination Committee determines otherwise.

### Article Eight: Committee Functions and Responsibilities

The Audit Committee shall be responsible for overseeing the Company's activities and verifying the integrity and soundness of its financial reports and statements, as well as its internal control systems. In particular, the Committee's duties shall include the following:

#### First: Financial Reports

- Reviewing the Company's interim and annual financial statements before their submission to the Board of Directors, expressing its opinion thereon, and making recommendations in this regard, in order to ensure their integrity, fairness, and transparency.
- Providing a professional opinion—at the request of the Board of Directors—on whether the Board of Directors' report and the Company's financial statements are fair, balanced, and understandable, and contain the information that enables shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Reviewing any significant or unusual matters included in the financial reports.
- Carefully examining any issues raised by the Company's Chief Financial Officer, or whoever performs his/her duties, the compliance officer, or the external auditor.





- Verifying the accounting estimates relating to material matters included in the financial reports.
- Reviewing the accounting policies applied by the Company and expressing its opinion and making recommendations to the Board of Directors in this regard.

## **Second: Internal Audit**

- Reviewing and assessing internal control, financial control, and risk management systems, and verifying their effectiveness through periodic reports issued by the Internal Audit Department or others regarding the adequacy and effectiveness of such systems, and following up on the implementation of recommendations and corrective actions in respect of the observations contained therein.
- Reviewing internal audit reports and following up on the implementation of corrective actions related to the observations contained therein.
- Supervising and overseeing the performance and activities of the internal auditor and the Internal Audit Department, to verify the availability and effectiveness of the resources necessary to perform the assigned duties and responsibilities.
- Recommending to the Board of Directors the appointment of the Head of the Internal Audit Unit or Department, or the internal auditor, and proposing his/her remuneration.
- Recommending to the Board of Directors the approval of the organizational structure and job descriptions of the Internal Audit Department and ensuring its independence within the Company's organizational structure.
- Reviewing the quarterly and annual reports of the Internal Audit Department and recommending their submission to the Board of Directors.
- Preparing a report to the Board of Directors, including its opinion on the adequacy of these systems, its recommendations for addressing material matters, any other recommendations for developing such systems, and any other activities it has undertaken within the scope of its responsibilities.

## **Third: External Auditor**

- Recommending to the Board of Directors the nomination, dismissal, determination of fees, and evaluation of the performance of the external auditors, after verifying their independence and reviewing the scope of their work and the terms of engagement.
- Verifying the independence, objectivity, and fairness of the external auditor, and the effectiveness of the audit work, taking into account the relevant rules and standards.



- Reviewing the external auditor's audit plan and work, verifying that the auditor does not provide technical, administrative, or advisory services beyond the scope of audit services, and expressing his views in this regard.
- Responding to the inquiries of the Company's external auditor and providing the necessary support to enable him/her to perform his/her duties.
- Reviewing the external auditor's report and its observations on the financial statements and following up on the actions taken in respect thereof.

#### **Fourth: Compliance Assurance**

- Reviewing the results of reports issued by regulatory authorities and verifying that the Company has taken the necessary actions in response thereto.
- Verifying the Company's compliance with the relevant laws, regulations, policies, and instructions.
- Reviewing proposed contracts and transactions to be entered into by the Company with related parties and submitting its views thereon to the Board of Directors.
- Submitting to the Board of Directors any matters it deems necessary to take action on and expressing its recommendations regarding the actions to be taken.

#### **Fifth: Arrangements for Submitting Observations**

- Establishing an appropriate mechanism through which the Company's employees may submit their observations regarding any violations of the Company's internal regulations, including those related to the preparation of the Company's financial statements, provided that such mechanism ensures that the rights of the person submitting the observation are not prejudiced as a result thereof.
- Verifying the implementation of such a mechanism by conducting an independent investigation commensurate with the size of the error or violation and adopting appropriate follow-up procedures.

#### **Article Nine: Committee Powers**

To enable the Audit Committee to perform its duties, and in accordance with the relevant laws and regulations, the Committee shall have the following powers:

- The Audit Committee may form sub-teams or task forces reporting to it for any purpose it deems appropriate, provided that the number of members of any such team shall not be less than two (2). The Committee may also delegate to such teams certain of its powers and





authorities whenever it deems this appropriate to achieve the objectives for which such teams are formed.

- Investigating any activity falling within its powers or any matter specifically requested by the Board of Directors, the General Assembly of shareholders, or the external auditors.
- Seeking legal, technical, or professional advice from any external or advisory party whenever necessary to assist the Committee in performing its duties.
- The Audit Committee shall be responsible for overseeing the Company's activities, and for this purpose, it shall have the right to:
  - Request access to the Company's records and documents.
  - Request any clarification or information from the Board of Directors or the executive management.
  - Request the Board of Directors to call a General Assembly meeting to see if the Board obstructs its work or if the Company suffers significant damage or losses.
  - Meet with the external auditors and the Company's employees, including the Head of the Internal Audit Department, to inquire about audit activities and to express any observations within the scope of their responsibilities.
- In the event of a conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors, or if the Board refuses to adopt the Committee's recommendation regarding the appointment or dismissal of the external auditor, determination of his/her fees, evaluation of his/her performance, or the appointment of the Head of the Internal Audit Department, the Board of Directors' report shall include the Committee's recommendation and justifications, as well as the reasons for not adopting it.
- At the Company's expense, and subject to the approval of the Board of Directors, the Audit Committee may seek the assistance of any non-executive member of the Board of Directors (other than members of the Audit Committee), or any experts or specialists it deems appropriate, in studying matters falling within its duties and responsibilities.

## Article Ten: Committee Operating Controls

### First: Functions of the Committee Chairman

The Chairman of the Committee shall assume the following duties:

- Chairing the Committee's meetings and ensuring their effectiveness and efficiency in performing the Committee's duties.





- Representing the Committee before the Board of Directors and the General Assembly of Shareholders and responding to shareholders' inquiries related to the Committee's functions.
- Call the Committee to convene and determine the date, time, and venue of meetings, in coordination with its members.
- Preparing the meeting agenda in coordination with Committee members, ensuring that topics proposed by any member are included for discussion.
- Ensuring that Committee members are provided, in a timely manner, with all information and documents relevant to the meeting agenda, enabling them to perform their duties and make well-informed decisions.
- Ensuring that sufficient time is allocated for discussing all agenda items.
- Following up on the implementation of the Committee's resolutions and ensuring their optimal execution.
- Preparing periodic reports on the Committee's activities and submitting its recommendations and outcomes to the Board of Directors.
- Promoting effective participation by members in Committee meetings through the study and discussion of agenda items and the expression of their views in a manner that contributes to achieving the Committee's objectives.
- Supervising the periodic evaluation of the Committee's performance and that of its members to ensure continuous improvement.

## **Second: Duties of the Committee Secretary**

- Coordinating Committee meetings and preparing a proposed agenda in coordination with the Committee Chairman.
- Notifying Committee members of meeting dates and providing them with the agenda and documents necessary to review the meeting items.
- Preparing and accurately documenting the minutes of meetings and maintaining them in a dedicated and organized register.
- Submitting periodic reports to the Board of Directors on the Committee's meetings and the outcomes of its work.
- Safeguarding all documents, correspondence, and reports received by or issued from the Committee.





- Providing administrative and technical support and advice to the Audit Committee on matters falling within its scope of authority.
- The Committee Secretary shall not have the right to participate in, or vote on, the Committee's decisions.

### **Third: Duties of Committee Members**

- Complying with the provisions of the Companies Law, the Capital Market Law and their implementation regulations, other relevant laws and regulations, and the Company's bylaws when performing their duties, and refraining from engaging in or participating in any act that may harm the Company's interests.
- Allocating sufficient time to perform their duties and responsibilities and to follow up on the Committee's work.
- Performing their duties with full independence and impartiality and refraining from any act or decision that may result in a conflict of interest with the Company.
- Refraining from accepting gifts or benefits from any party having a business relationship with the Company.
- Preparing in advance for Committee meetings and actively participating in the discussion of agenda items.
- Not being absent from meetings except for justified reasons, which must be notified in advance to the Committee Chairman and accepted by the Committee.
- Enhancing their knowledge of regulatory and professional developments relevant to the Committee's duties and responsibilities.
- Being familiar with the nature of the Company's business, its activities, and the risks it faces.

### **Fourth: Committee Meetings**

- The Committee shall hold its regular meetings at least four (4) times per financial year, upon invitation from the Committee Chairman.
- The Committee Chairman shall call the Committee to convene in exceptional cases, such as:
  - Upon request of the Board of Directors or two (2) Committee members.
  - Upon request of the external auditor or the Head of the Internal Audit Department.
  - In the event of any emergency circumstances require a meeting.



- The Committee shall approve its annual meeting plan and schedule before the beginning of each financial year.
- Meeting invitations, agendas, and supporting documents shall be sent at least five (5) business days before the meeting date; this period may be reduced to three (3) business days in exceptional cases.
- Meetings should be held at the Company's head office, and may be held at other locations or via modern communication technologies, when necessary, subject to the approval of the Board of Directors.
- A meeting shall be valid if attended by a majority of Committee members. A member may attend via visual or audio communication, subject to the approval of the Committee Chairman.
- No member of the Board of Directors or executive management who is not a committee member may attend Committee meetings unless specifically invited to provide an opinion or advice.
- Committee resolutions shall be passed by a majority vote of the members present. In the event of a tie, the side voted for by the Chairman of the meeting shall prevail.
- Any member shall have the right to object to Committee resolutions, provided that such objection is expressly recorded in the meeting minutes with the reasons stated. A member shall not be exempt from liability unless it is proven that he/she was unaware of the resolution or was unable to object after becoming aware of it.
- No member of the Board of Directors or executive management other than Committee members may attend Committee meetings except upon invitation by the Committee to hear his/her opinion or seek advice.

#### **Fifth: Documentation of Committee Meetings**

- The Committee Secretary shall prepare the minutes documenting the Committee's meetings, which shall include the following:
  - The venue, date, and start and end time of the meeting.
  - The names of members present and absent, and the names of invitees attending the meeting who are not Committee members.
  - The Committee's deliberations and resolutions, including voting results and the reasons for any objections, if any.



- Identification of the party responsible for implementing the resolutions adopted, the timeframe for implementation, and the follow-up mechanism.
- The Committee Secretary shall circulate the draft minutes to Committee members, who shall provide any comments on the draft—if any—within a maximum period of five (5) business days from the date of circulation.
- After addressing members' comments on the draft minutes and upon approval of the Chairman of the meeting, the Committee Secretary shall circulate the amended draft to Committee members in preparation for its approval, no later than the next Committee meeting.
- The approved minutes, together with the meeting agenda and all accompanying documents, shall be maintained in a dedicated register signed by the Committee Chairman and the Committee Secretary.

#### **Sixth: Follow-up on the Committee's Work**

The Committee Chairman shall submit periodic reports to the Board of Directors, including the Committee's findings and recommendations, at the first Board meeting immediately following the Committee meeting.

#### **Seventh: Evaluation of the Committee's Performance**

The Committee shall conduct a periodic evaluation of its performance and that of its members in accordance with defined criteria, including:

- The effectiveness of the Committee in performing its duties.
- The extent of adherence to the meeting schedule and implementation of resolutions.
- The quality of discussions and decision-making.
- The level of cooperation and coordination with the Internal Audit Department and the external auditor.

#### **Article Eleven: Committee Report to the Ordinary General Assembly**

- The Audit Committee's report shall include details of its performance in carrying out the competencies and duties stipulated in this Regulation and shall include its recommendations and opinion on the adequacy of the Company's internal control systems, financial controls, and risk management systems.
- The Board of Directors shall deposit sufficient copies of the Audit Committee's report at the Company's head office and publish them on the Company's website and the market's website upon announcing the invitation to convene the General Assembly, to enable shareholders





wishing to do so to obtain a copy thereof. The Chairman of the Committee, or his delegate, shall read a summary of the report during the General Assembly meeting.

### Article Twelve: Confidentiality of the Committee's Activities

- All members of the Audit Committee and its Secretary shall strictly maintain the confidentiality of all information, data, and documents to which they have access by virtue of their membership in the Committee or participation in its meetings. This includes all technical, financial, administrative, strategic, and operational information relating to the Company, its subsidiaries, or parties dealing with it.
- No Committee member or the Committee Secretary may disclose any information, data, or documents relating to the Committee's work, the Company, or its deliberations to any party—whether an individual or an internal or external entity—except after obtaining prior written approval from the Board of Directors. It is also prohibited to use such information to achieve any personal benefit for himself, any of his relatives, or any related party.
- The obligation of confidentiality shall continue after the end of a member's term or the termination of his assignment in any capacity related to the Committee. The member shall remain bound not to disclose or exploit in any manner any information or documents obtained during the period of his membership.
- If it is proven that any Committee member or the Committee Secretary has breached the provisions of this Article, the Company shall be entitled to take legal action against him, including claiming compensation for any direct or indirect damages incurred by the Company as a result of such breach, without prejudice to its right to apply the relevant applicable laws and regulations.
- The confidentiality obligation shall not apply in cases where disclosure of certain information is required by law or by regulatory authorities, provided that such disclosure is made in accordance with the approved legal procedures and with the approval of the Board of Directors.

### Article Thirteen: Conflict of Interest

- A Committee member shall be required to:
  - Perform his/her duties with honesty and integrity, shall not prioritize personal interests over the interests of the Company and its shareholders, and shall not exploit his/her position to achieve private interests.
  - Avoid any situation of conflict of interest and notify the Board of Directors of any conflict that may affect his/her impartiality when considering matters presented to the Board. In





such cases, the Board of Directors shall not involve the member concerned in deliberations and shall not count his/her vote on such matters in meetings of the Board of Directors or the General Assemblies.

- Maintain the confidentiality of information related to the Company and its activities and refrain from disclosing it to any person.
- A Committee member is prohibited from exploiting or benefiting—directly or indirectly—from any of the Company’s assets, information, or investment opportunities made available to him/her by virtue of his/her membership in the Audit Committee or offered to the Company. This includes investment opportunities that fall within the Company’s activities or that the Company seeks to benefit from. This prohibition shall also apply to a Committee member who resigns for the purpose of exploiting—directly or indirectly—investment opportunities that the Company seeks to benefit from and that he/she became aware of during his/her membership on the Committee.
- If a Committee member has any conflict of interest in a matter listed on the Committee’s agenda, he/she shall disclose such conflict before the commencement of the discussion. Such disclosure shall be recorded in the minutes of the meeting, and the members shall not attend, participate in, or vote on the discussion of the relevant matter.
- A Committee member may not have any direct or indirect interest in contracts executed for the account of the Company, nor may he/she engage in any activity that competes with the Company or competes with it in any of the lines of business it conducts, except with the prior approval of the Ordinary General Assembly, to be renewed annually, in accordance with the relevant statutory procedures.
- If a Committee member fails to disclose his/her interest in contracts executed for the account of the Company, the Company or any interested party may claim before the competent judicial authority for the annulment of the contract or for obligating the member to remit any profit or benefit realized therefrom.
- If a Committee member fails to disclose his/her participation in any activity that competes with the Company or competes with it in any of the lines of business it conducts, the Company may claim before the competent judicial authority for appropriate compensation.
- If it is proven that a Committee member has benefited from investment opportunities, the Company or any interested party may claim before the competent judicial authority for the annulment of any act, profit, or benefit realized from such investment opportunity. The Company may also claim appropriate compensation.



## Article Fourteen: Remuneration of Committee Members

- A Committee member shall be entitled to an annual remuneration in accordance with the Remuneration Policy for Members of the Board of Directors, Board Committees, and Senior Executives as approved by the Company's General Assembly.
- The Board of Directors shall determine the remuneration and meeting attendance allowances payable to the Secretary of the Committee.
- If the General Assembly issues a resolution to remove a member from the Committee due to absence from three consecutive meetings or five non-consecutive meetings during the term of membership without an excuse accepted by the Board of Directors, such member shall not be entitled to any remuneration or compensation for the period following the last meeting attended and shall be required to refund all remuneration and compensation paid to him/her for that period.
- The Company shall have the right to claim compensation for any damage to its reputation and to recover any remuneration, compensation, and any other costs incurred by the Company to facilitate the member's performance of his/her responsibilities, if the member commits an act involving dishonesty, breach of trust, forgery, or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country, or fails to perform his/her responsibilities, duties, and obligations in a manner that results in harm to the Company's interests.

## Article Fifteen: Review and Update of the Charter

This Charter shall be subject to periodic review by the Board of Directors upon the recommendation of the Audit Committee for the purpose of development and updating, in alignment with the applicable laws and regulations and as deemed appropriate by the Board. No amendment to this Charter may be made except upon a recommendation of the Board of Directors to be submitted to the Ordinary General Assembly for approval.

## Article Sixteen: Disclosure

### First: Disclosure of the Role of the Audit Committee

The Board of Directors shall be obligated to disclose information relating to the activities of the Audit Committee in the Board's annual report, in implementation of the principle of transparency and in order to enhance trust between the Company, its shareholders, and investors. Such disclosure shall include, without limitation, the following:

- A brief description of the powers and responsibilities of the Audit Committee in accordance with its approved Charter, including its role in overseeing the integrity of financial reporting,



internal control systems, and risk management, as well as supervising internal and external audit activities.

- The key information of the Audit Committee, including:
  - The name of the Committee.
  - The name of the Chairman of the Committee and its members.
  - Their relevant qualifications and experience.
  - The number of Committee meetings held during the financial year, the dates on which they were convened, and the attendance rates of each member.
- The Audit Committee's recommendation regarding the appointment or the need to appoint the Head of the Internal Audit Department, if such a position does not exist within the Company, together with an explanation of the Committee's justifications in this regard.
- The recommendations of the Audit Committee conflict with the resolutions of the Board of Directors, or that were not adopted by the Board, together with the reasons therefore, including, by way of example and without limitation:
  - Its recommendations relating to the appointment or removal of the Company's external auditor.
  - The determination of the external auditor's fees and the evaluation of his/her professional performance.
  - The appointment of the Head of the Internal Audit Department or the evaluation of his/her performance.
  - The disclosure shall also include a clear statement of the grounds for the recommendations issued by the Committee and the reasons for the Board of Directors' decision not to adopt them.

## **Second: Disclosure Relating to the Audit Committee**

- The Board of Directors' annual report shall include a detailed statement of the Audit Committee Charter, the mechanism for determining the remuneration of its members, and the policy governing the disbursement thereof, in accordance with the resolutions of the General Assembly.
- The report should also disclose the total amounts and financial and in-kind benefits paid to each Committee member, whether in the form of fixed remuneration, meeting attendance allowances, or other benefits, in consideration of any work, or executive, technical,

administrative, or advisory positions assigned to the member by the Board of Directors or its committees.

- The foregoing information shall be disclosed with full transparency and clarity, in compliance with the requirements of the Capital Market Authority and the relevant Registration and Listing Rules.

#### **Article Seventeen: Entry into Force**

- This Charter shall enter into force as of the date of its approval by the General Assembly, and the responsibility for its implementation shall rest with the Board of Directors and the Audit Committee.
- The Audit Committee shall periodically review this Charter to ensure its adequacy in light of any changes in the nature of the Company's activities and strategic objectives, as well as the applicable laws and regulations, and shall submit its recommendations to the Board of Directors for referral to the General Assembly as appropriate.
- This Charter shall be complementary to the Company's Articles of Association, the Corporate Governance Regulations, and the policies adopted by the Company relating to the Board of Directors and its committees.
- Any matter not expressly provided for in this Charter shall be governed by the applicable laws and regulations issued by the competent authorities.
- This Charter shall repeal and supersede any procedures, resolutions, or internal regulations of the Company that conflict with its provisions.

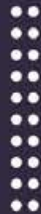


شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



# Remuneration and Nomination Committee Charter

**After Modification**





## Article One: Introduction

In line with the Company's commitment to enhancing the effectiveness of corporate governance, achieving a high level of transparency, fulfilling the Company's objectives, and improving its performance, the Company has adopted the Remuneration and Nomination Committee Charter and the mechanisms for selecting its members based on competence and the ability to effectively represent the Remuneration and Nomination Committee. This is intended to ensure the availability of the expertise, capability, and scientific and practical knowledge that contribute to enhancing the Company's strategic, oversight, regulatory, and operational efficiency, as well as determining the remuneration of members of the Board of Directors, the committees emanating from the Board, and the executive management, in accordance with the standards and controls set out in the Companies Law, the Corporate Governance Regulations, and other relevant laws and regulations.

This Charter aims to regulate the work of the Remuneration and Nomination Committee by defining its duties and powers, as well as the controls and procedures governing its work and the rules for selecting its members, in light of the rules governing the Remuneration and Nomination Committee in listed joint stock companies, as stipulated in the regulatory controls and procedures issued in implementation of the Companies Law applicable to listed joint stock companies, and the Corporate Governance Regulations issued by the Capital Market Authority.

The main objectives of the Remuneration and Nomination Committee are to assist the Company's Board of Directors in carrying out the following duties and responsibilities:

- Overseeing the remuneration and incentive plans for members of the Board of Directors, members of the committees emanating from the Board, members of the executive management, and the Company's employees, and monitoring their implementation.
- Overseeing succession planning for senior leadership at the Company level.
- Overseeing the nomination process for membership of the Board of Directors, the committees emanating from the Board, and the executive management, and ensuring that such nominations are linked to performance.
- Overseeing and ensuring the implementation of the employee grievance policy.
- Managing the performance evaluation process for members of the Board of Directors, the committees emanating from the Board, and the executive management.

## Article Two: Objective

This Charter aims to regulate the work of the Remuneration and Nomination Committee in a manner that enhances governance and transparency within the Company and ensures that the Committee performs its duties effectively and efficiently. Its detailed objectives include the following:







- Ensuring fairness and transparency in remuneration and incentives by monitoring the implementation of remuneration and incentive policies for members of the Board of Directors, members of the committees emanating from the Board, members of the executive management, and the Company's employees, and linking such remuneration and incentives to performance and competence.
- Overseeing succession planning by developing leadership succession mechanisms to ensure the continuity of effective performance at the senior management level.
- Organizing the nomination and appointment process by overseeing nominations of members of the Board of Directors, the committees emanating from the Board, and the executive management, and linking such nominations to competence and performance.
- Managing the performance evaluation process for members of the Board of Directors and committees to ensure the achievement of the Company's strategic objectives and to enhance overall effectiveness.
- Protecting employees' rights by overseeing the implementation of the employee grievance policy in a manner that ensures fair and transparent handling of complaints and deficiencies.
- Enhancing corporate governance by raising the level of transparency and accountability in decision-making related to policies, remuneration, and nominations, in accordance with the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority.
- Developing organizational and administrative performance by submitting recommendations to the Board of Directors to improve policies and practices related to human resources, remuneration, and nominations, in a manner that ensures the achievement of the Company's strategic objectives.

### Article Three: Responsibilities

#### First: Remuneration and Nomination Committee

- Preparing and reviewing the Remuneration and Nomination Committee Charter, proposing any amendments or improvements it deems appropriate, and submitting them to the Board of Directors for approval.
- Preparing policies and procedures related to the remuneration and nomination of members of the Board of Directors, the committees emanating from the Board, and the executive management.
- Following up on the implementation of the Committee's duties and ensuring compliance with the procedures and policies set out in this Charter.



- Submitting recommendations and observations to the Board of Directors regarding the Committee's activities and any proposals to enhance performance.

#### **Second: Committee Secretary**

- Supporting the Committee in preparing its meetings and coordinating the agenda in cooperation with the Committee Chair.
- Documenting the Committee's meetings, preparing minutes thereof, and maintaining them in a dedicated and orderly register.
- Submitting minutes and periodic reports on the Committee's activities to the Board of Directors.
- Following up on the implementation of the Committee's recommendations and providing administrative and technical support to Committee members, without having the right to vote on decisions.

#### **Third: Board of Directors**

- Regularly following up on the work of the Remuneration and Nomination Committee to verify that it performs the duties assigned to it efficiently.
- Approving the recommendations submitted by the Committee to the Board and taking the necessary actions thereon.
- Providing the Committee with the resources necessary to perform its duties, including engaging experts and consultants when needed.

#### **Fourth: General Assembly**

- Submitting the Remuneration and Nomination Committee Charter to the Ordinary General Assembly for approval.
- Any amendment to this Charter shall be submitted to the General Assembly for approval in accordance with the applicable statutory procedures.

#### **Fifth: Committee Members**

- Complying with the provisions of the Companies Law, Corporate Governance Regulations, and the Company's internal policies when performing their duties.
- Refraining from any activity that may harm the Company's interests or affect the Committee's independence.



- Disclosing any conflict of interest before discussing any item included on the Committee's agenda.

#### **Sixth: Executive Management**

- Providing the necessary support to the Committee in collecting data and information required to study remuneration and nominations.
- Implementing any decisions or recommendations issued by the Committee within the scope of its authority.
- Cooperating with the Committee in performance evaluation and ensuring employees' compliance with policies and procedures.

#### **Article Four: References**

- The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H corresponding to 10/11/2015G, as amended by the resolution of the Board of the Capital Market Authority dated 01/07/1441H corresponding to 25/02/2020G, and updated in accordance with the amended Companies Law pursuant to the resolution of the Authority's Board No. (8-5-2023) dated 25/06/1444H corresponding to 18/01/2023G, based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H corresponding to 30/06/2022G.
- The Company's Articles of Association issued on 10/10/1440H corresponding to 13/06/2019G pursuant to the resolution of the Extraordinary General Assembly dated 14/09/1440H corresponding to 19/05/2019G, as amended pursuant to the resolutions of the Extraordinary General Assembly dated 01/11/1444H corresponding to 21/05/2023G, dated 08/12/1446H corresponding to 04/06/2025G, dated 16/02/1447H corresponding to 10/08/2025G, and dated 27/05/1447H corresponding to 18/11/2025G.
- The Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the Board of the Capital Market Authority.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H corresponding to 13/02/2017G, as amended by Resolution No. (3-57-2019) dated 15/09/1440H corresponding to 20/05/2019G, and updated pursuant to the amended Corporate Governance Regulations issued by Resolution No. (8-5-2023) dated 25/06/1444H corresponding to 18/01/2023G.
- The Company's Corporate Governance Regulations.
- Membership policies and procedures for the committees emanating from the Board of Directors.



- The Board of Directors' Rules of Procedure.

## Article Five: Definitions

- **Committee:** The Remuneration and Nomination Committee emanating from the Company's Board of Directors, formed in accordance with the provisions of Companies Law and the Corporate Governance Regulations, and responsible for nominating members of the Board, the committees emanating therefrom, and the executive management, as well as setting remuneration and compensation policies and procedures and monitoring their implementation.
- **Board:** The Company's Board of Directors is elected in accordance with the Company's Articles of Association and the applicable laws and regulations.
- **Committee Secretary:** The person assigned to coordinate the Committee's work, prepare the agendas for its meetings, document meeting minutes, and follow up on the implementation of its recommendations, without having voting rights.
- **Members:** All people appointed to the Remuneration and Nomination Committee in accordance with the committee formation rules set out in this Charter.
- **Independent Member:** A member of the Remuneration and Nomination Committee who has no relationship with the Company or any of its related parties that would prevent him/her from performing duties with integrity and independence, and who satisfies the independence criteria set out in the Companies Law and the Corporate Governance Regulations.
- **Executive Management:** All senior executives of the Company are responsible for managing daily operations in accordance with the directives issued by the Board of Directors.
- **Relevant Laws and Regulations:** All laws, regulations, resolutions, and instructions issued by the competent regulatory authorities, including the Companies Law, Capital Market Authority regulations, and the Company's relevant internal regulations.
- **Remuneration:** Any financial allowances, in-kind benefits, or other advantages received by a member of the Board of Directors, a committee member, or a senior executive in consideration for performing his/her duties and responsibilities, in accordance with the policies approved by the Board of Directors and the General Assembly.
- **Nominations:** The procedures and mechanisms governing the nomination and appointment of members of the Board of Directors, the committees emanating therefrom, and the executive management, in accordance with the requirements of the Companies Law and the Corporate Governance Regulations.

- **Conflict of Interest:** Any situation in which a committee member, or any related party thereto, has a direct or indirect interest in a matter included on the Committee's agenda that may affect the independence of his/her opinion or decision.

## Article Six: Formation of the Committee

### First: Committee Formation

- The Remuneration and Nomination Committee shall be formed by a resolution of the Board of Directors, provided that the Ordinary General Assembly of the Company issues the rules for selecting the Committee members, the term of their membership, the Committee's duties, its operating controls, and the remuneration of its members, based on a proposal submitted by the Board of Directors.

### Second: Disclosure to Regulatory Authorities

- The Company's Board of Directors shall notify the financial market of the names of the Committee members and the nature of their membership within a maximum period of ten (10) business days from the date of their appointment, as well as any changes thereto within a maximum period of ten (10) business days from the date such changes occur.

### Third: Composition of the Committee

- The Remuneration and Nomination Committee shall be composed of non-executive members of the Board of Directors or from non-Board members, whether shareholders or non-shareholders, provided that the number of Committee members shall not be less than three (3) and shall not exceed five (5), and that at least one member shall be an independent Board member.

### Fourth: Criteria for Selecting Committee Members

A nominee for membership of the Remuneration and Nomination Committee must satisfy the following:

- The nominee shall have a record of experience relevant to the duties of the Remuneration and Nomination Committee.
- The nominee shall have good knowledge of the Company's activities and business, and of the skills and expertise required to manage them.
- The nominee shall hold a university degree.
- No judgment shall have been issued against the nominee for committing an act involving dishonesty, breach of trust, or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country.

- The nomination shall not violate the applicable laws, regulations, and instructions.

#### **Fifth: Chairmanship of the Committee**

- The Committee members shall select from among themselves a Chair for the duration of the Committee's term. In the absence of the Committee Chair or if he/she is unable to attend the meeting, the attending members shall appoint a Chair for the meeting from among themselves.

#### **Sixth: Commencement and Termination of Membership**

A member shall commence the exercise of his/her duties as of the date of appointment by the Board of Directors, and his/her membership shall terminate in any of the following cases:

- Expiry of the Board of Directors' term.
- Resignation from the Committee, without prejudice to the Company's right to claim compensation if the resignation occurs at an inappropriate time.
- Health incapacity prevents the member from performing his/her duties.
- Issuance of a final court judgment declaring bankruptcy or insolvency, or the submission of a request for settlement with creditors.
- Conviction for committing an act involving dishonesty, breach of trust, forgery, or violation of laws and regulations inside or outside the Kingdom.
- Issuance of a resolution by the Board of Directors to raise the member from Committee membership for any of the following reasons:
  - Breach of his/her responsibilities, duties, or obligations in a manner that harms the Company's interests.
  - Absence from three (3) consecutive meetings or five (5) separate meetings during the term of membership without an acceptable legitimate excuse.
  - Any other reason deemed by the Board to justify such relief, without prejudice to the member's right to claim compensation if the removal occurs for an unjustified reason or at an inappropriate time.
- Loss, at any time, of any of the membership conditions or criteria specified in this Charter.





### **Seventh: Vacancy for Membership**

- In the event a seat of any Committee member becomes vacant for any reason, the Board of Directors shall appoint a replacement member who meets the conditions stipulated in this Charter, and the new member shall complete the term of his/her predecessor.

### **Eighth: Committee Secretary**

- The Committee shall have a Secretary appointed by the Board of Directors, who shall be responsible for coordinating the Committee's meetings, preparing meeting minutes, maintaining its records and documents, and following up on the implementation of its resolutions.

### **Article Seven: Independence Impairments**

The provisions applicable to Board members regarding independence impairments shall also apply to the members of the Remuneration and Nomination Committee, as follows:

- An independent Committee member must be able to perform his/her duties, express opinions, and vote on resolutions objectively and impartially, in a manner that assists the Board of Directors in making sound decisions that contribute to achieving the Company's interests.
- The Committee shall conduct an annual assessment of the members' independence and ensure that no relationships or circumstances exist that affect or may affect such independence.
- Without limitation, the following shall be deemed inconsistent with the independence required of an independent member of the Remuneration and Nomination Committee:
- Ownership of five percent (5%) or more of the Company's shares or the shares of another company within its group or having a kinship relationship with a person who owns such percentage.
- Having a kinship relationship with any member of the Board of Directors or committees of the Company or of another company within its group.
- Having a kinship relationship with any of the senior executives of the Company or of another company within its group.
- Being a member of the board of directors of another company within the group of the Company for which he/she is nominated.
- Being, or having been within the past two years, an employee of the Company or of another company within its group or being an owner of controlling interests in the Company or in any





party dealing with the Company or another company within its group, such as external auditors or major suppliers, during the past two years.

- Having a direct or indirect interest in the business or contracts conducted for the Company's account.
- Receiving financial amounts from the Company in addition to the Committee membership remuneration or that of any of its committees exceeding SAR 200,000 or 50% of the remuneration received in the previous year for Board or committee membership, whichever is less.
- Participating in any activity that competes with the Company, or trading in any of the business activities carried out by the Company.
- Having served for more than nine (9) consecutive or non-consecutive years as a member of the Company's Board of Directors.
- Acts and contracts conducted to meet personal needs shall not be deemed interests that impair the independence of a Committee member requiring approval from the Ordinary General Assembly, provided that such acts and contracts are carried out under the same terms and conditions applied by the Company to the public and fall within the Company's ordinary course of business, unless the Remuneration and Nomination Committee determines otherwise.

### Article Eight: Duties and Responsibilities of the Committee

Considering the provisions set out in the rules governing the Remuneration and Nomination Committee under the Corporate Governance Regulations issued by the Capital Market Authority, the duties and responsibilities of the Committee shall be as follows:

#### First: Remuneration

- Preparing a comprehensive and clear remuneration policy for members of the Board of Directors, the committees emanating therefrom, and senior executives, and submitting it to the Board of Directors for review before its approval by the General Assembly, taking into account the following:
  - Linking remuneration to the level of individual and institutional performance.
  - Ensuring clarity of the criteria for granting remuneration and achieving transparency in disclosure.
  - Full compliance with the implementation of the approved remuneration policy.



- Recommending to the Board of Directors the remuneration of Board members, Board committees, and senior executives in accordance with the policy approved by the General Assembly.
- Determining the types of remuneration and incentive benefits granted to the Company's employees and submitting the appropriate recommendations in this regard.
- Periodically and systematically reviewing the remuneration policy and submitting recommendations to the Board of Directors on any proposed amendments, to ensure its suitability for changes that may occur in:
  - Relevant laws and regulations.
  - The Company's strategic objectives.
  - The skills and qualifications required to achieve such objectives.
- Preparing a comprehensive annual report on the remuneration granted to members of the Board of Directors, its committees, and senior executives, including:
  - A statement explaining the relationship between actual remuneration and the approved policy.
  - Clarification of any material deviations from the policy and the reasons thereof.

## **Second: Nominations**

### **1. Board of Directors**

- Preparing policies and criteria for Board membership and recommending them to the Board of Directors for approval by the Ordinary General Assembly.
- Recommending the Board of Directors candidates for Board membership and re-nomination thereof in accordance with the approved policies and criteria, taking into consideration that no person previously convicted of a crime involving dishonesty or breach of trust shall be nominated.
- Conducting an annual review of the skills required for Board membership and preparing a description of the required competencies and qualifications.
- Periodically reviewing the Board membership policy to ensure its suitability to changes in relevant laws and regulations, the Company's strategic objectives, and the skills and qualifications required to achieve them, and recommending to the Board of Directors any proposed amendments to such policy.



- Reviewing cases of conflict of interest of candidates for Board membership and providing recommendations thereon.
- Reviewing the structure of the Board of Directors and submitting recommendations regarding any changes that may be made.
- Identifying strengths and weaknesses of the Board of Directors and proposing solutions to address them in a manner consistent with the Company's interests.
- Establishing procedures in the event of a vacancy in the position of any Board member or any of the committees emanating therefrom and submitting recommendations in this regard.
- annually, the independence of independent members and the absence of any conflict of interest where a member holds a board membership in another company.
- Recommending the Board of Directors performance criteria for evaluating the performance of the Board of Directors, its members, and its committees.

## **2. Members of the Board of Directors**

- Determining the time and professional commitments required from each member to perform his/her duties efficiently.
- Conducting an annual review of the independence of independent members and verifying the absence of any conflict of interest.
- Preparing detailed job descriptions for executive, non-executive, and independent members.
- Recommending the re-nomination or removal of any Board member or any member of the committees emanating therefrom, when necessary.
- Submitting the results of the Committee's work and its recommendations to the Board of Directors with clarity and transparency.

## **3. Senior Executives**

- Recommending to the Board of Directors appropriate policies and criteria for the appointment of senior executives, including defining the required competencies and skills, and reviewing them periodically to ensure their suitability for changes in the Company's strategic objectives and the skills and qualifications required to achieve them.
- Preparing job descriptions for senior executives and reviewing the Company's organizational structure and submitting recommendations regarding any changes that may be made.
- Establishing clear criteria for evaluating the performance of the Chief Executive Officer (CEO) and monitoring the results of such evaluation annually.





- Reviewing and approving the Company's objectives linked to the compensation of the CEO.
- Reviewing the CEO's performance annually to ensure effective leadership of the Company.
- Reviewing management development programs and succession plans for senior executives in coordination with the CEO.
- Reviewing the performance evaluation objectives (including performance indicators) to be achieved within remuneration and incentive programs.
- Preparing an annual report on remuneration paid to the executive management for inclusion in the Company's annual report, in accordance with the applicable rules and regulations.
- Establishing succession procedures in the event of a vacancy in the position of any senior executive and submitting recommendations thereon.
- To enable the Remuneration and Nomination Committee to perform its duties, the Committee shall have the following powers:
  - Request information and data that would assist the Committee in studying matters within its remit or those referred to it by the Board of Directors.
  - Engage such experts, specialists, or others as it deems appropriate to study matters falling within their duties and responsibilities, subject to the approval of the Board of Directors.

### **Third: Induction Program for Newly Appointed Board Members**

The Committee shall recommend to the Board of Directors the preparation and implementation of a comprehensive induction program for new members covering the following aspects:

- The Company's activities and the nature of its business.
- The Company's regulatory, financial, and legal environment.
- The statutory and fiduciary responsibilities of Board members.
- An introduction to the approved internal policies and regulations.

### **Fourth: Other Duties and Responsibilities**

- Assisting the Board of Directors in establishing and reviewing the Company's organizational structure and operating model, including relationships with related parties.
- Supervising the implementation of the employee grievance policy and ensuring its effectiveness and independence.
- Enabling the Committee to perform its duties through the following authorities:



- Requesting the necessary information and data from executive departments to study matters within their scope of competence.
- Engaging experts or consultants from within or outside the Company, subject to the approval of the Board of Directors, with such engagement documented in the meeting minutes.

### Article Nine: Authorities of the Committee

To enable the Remuneration and Nomination Committee to perform its duties, and in accordance with the applicable laws and regulations, the Committee shall have the following authorities:

- The right to investigate any matter falling within its powers and duties, or any matter specifically requested by the Board of Directors.
- The right to seek legal and technical advice from any external party or any other independent advisory body whenever necessary to assist the Committee in performing its duties.
- The right to review all data, information, and records related to remuneration and compensation within the Company, as well as to review succession planning reports relating to executive management.
- The Company shall bear all costs required for the Committee to carry out its duties.

### Article Ten: Rules Governing the Work of the Committee

#### First: Duties of the Committee Chairman

- The Chairman of the Committee shall assume the following duties:
- Managing the Committee's meetings and ensuring their effectiveness and efficiency in carrying out the Committee's duties.
- Representing the Committee before the Board of Directors and the General Assembly of Shareholders and responding to shareholders' inquiries related to the Committee's responsibilities.
- Call the Committee to convene and determine the date, time, and venue of meetings, in coordination with the Committee members.
- Preparing the agenda for Committee meetings in coordination with the Committee members and the Secretary of the Committee, ensuring that any items proposed by members are included.
- Ensuring that Committee members are provided with all relevant information and documents related to the meeting agenda on time, enabling them to perform their duties and make informed decisions.



- Ensuring that sufficient time is allocated for discussing all agenda items.
- Following up on the implementation of the Committee's resolutions and ensuring their optimal execution.
- Preparing periodic reports on the Committee's activities and submitting its recommendations and outcomes to the Board of Directors.
- Promoting the effective participation of members in Committee meetings through the study and discussion of agenda items and the expression of views in a manner that contributes to achieving the Committee's objectives.
- Supervising the periodic evaluation of the performance of the Committee and its members to ensure continuous improvement.

### **Second: Duties of the Committee Secretary**

- Coordinating Committee meetings and preparing a proposed agenda in coordination with the Chairman of the Committee.
- Notifying Committee members of meeting dates and providing them with the agenda and documents necessary to review the meeting items.
- Preparing and accurately documenting the minutes of meetings and maintaining them in a dedicated and organized register.
- Submitting periodic reports to the Board of Directors regarding Committee meetings and the outcomes of their activities.
- Maintaining all documents, correspondence, and reports received by or issued from the Committee.
- Providing administrative and technical support and advice to the Remuneration and Nomination Committee on matters within its scope of responsibilities.
- The Secretary shall not have the right to participate in the Committee's decision-making or to vote on its resolutions.

### **Third: Duties of Committee Members**

- Complying with the provisions of the Companies Law, the Capital Market Law and their implementation regulations, other applicable laws and regulations, and the Company's Articles of Association when performing their duties, and refraining from undertaking or participating in any activity that may harm the Company's interests.

- Allocating sufficient time to perform their duties and responsibilities and to follow up on the Committee's work.
- Performing their duties with full independence and impartiality and refraining from any act or decision that may result in a conflict of interest with the Company.
- Refraining from accepting gifts or benefits from any party having a business relationship with the Company.
- Preparing in advance for Committee meetings and actively participating in discussions of agenda items.
- Not being absent from meetings except for justified reasons, which must be notified in advance to the Chairman of the Committee and accepted by him.
- Enhancing their knowledge of regulatory and professional developments related to the Committee's duties and responsibilities.
- Being familiar with the nature of the Company's business, activities, and the risks it faces.

#### **Fourth: Committee Meetings**

- The Committee shall meet at least once a year upon a call by its Chairman. The Chairman shall also call the Committee to convene in exceptional cases, including but not limited to when requested by the Board of Directors or by two Committee members, or when circumstances so require, with an explanation of the reasons for calling such an extraordinary meeting.
- The Committee shall approve the dates and agendas of its meetings for the financial year before its commencement. Invitations to attend Committee meetings shall be sent at least five (5) days before the meeting date, accompanied by the agenda and the documents and information necessary to discuss the matters presented and to take decisions thereon.
- In exceptional cases, invitations may be sent at least three (3) days before the meeting date, in accordance with the invitation procedures set out in this Charter.
- Committee meetings shall be held at the Company's head office. The Committee may meet outside the head office, subject to the approval of the Board of Directors.
- A meeting shall be valid if attended by a majority of the Committee members. In cases of need, a member may attend through the use of communication means, subject to the Committee's approval.
- Committee resolutions shall be adopted by a majority vote of the members present. In the event of a tie, the side voted for by the Chairman of the meeting shall prevail.

- Any Committee member may object to any resolution adopted by the Committee, provided that such objection is expressly recorded in the minutes of the meeting together with the reasons therefor. Absence from the meeting at which the resolution is adopted shall not exempt the member from liability unless it is proven that he was unaware of the resolution or was unable to object immediately upon becoming aware thereof.
- A Committee member may authorize another member to attend or vote on his behalf at Committee meetings.
- No member of the Board of Directors or executive management who is not a member of the Committee may attend its meetings unless invited by the Committee to express an opinion or provide advice.

#### **Fifth: Documentation of Committee Meetings**

- The Secretary of the Committee shall prepare minutes documenting the Committee's meetings, which shall include the following:
  - The place and date of the meeting and its start and end times.
  - The names of members present and absent, and the names of invitees attending the meeting who are not Committee members.
  - The deliberations and resolutions of the Committee, including the voting results and the reasons for objections, if any.
  - Identification of the party responsible for implementing the adopted resolutions, the timeframe for implementation, and the mechanism for follow-up.
- The Secretary shall circulate the draft minutes of the meeting to the Committee members, who shall provide any comments on the draft, if any, within a maximum period of five (5) business days from the date of circulation.
- After addressing the members' comments on the draft minutes and upon approval by the Chairman of the meeting, the amended draft shall be circulated by the Secretary to the members for adoption.
- The approved minutes, together with the meeting agenda and all supporting documents, shall be maintained in a special register signed by the Chairman of the Committee and its Secretary.

#### **Sixth: Follow-up on the Committee's Work**

The Chairman of the Committee shall submit the Committee's recommendations and outcomes to the Board of Directors at the first Board meeting following the Committee meeting.



### **Seventh: Evaluation of the Committee's Performance**

The Committee shall conduct a periodic evaluation of its performance and that of its members in accordance with defined criteria, including:

- The effectiveness of the Committee in performing its duties.
- The extent of adherence to the meeting schedule and implementation of resolutions.
- The quality of discussions and decision-making.
- The level of cooperation and coordination with the Board of Directors, its committees, and executive management.

### **Article Eleven: Confidentiality of the Committee's Work**

- All members of the Remuneration and Nomination Committee and its Secretary shall be fully committed to maintaining the confidentiality of all information, data, and documents accessed by virtue of their membership of the Committee or participation in its meetings. This includes all technical, financial, administrative, strategic, or operational information relating to the Company, its subsidiaries, or parties dealing with it.
- No Committee member or the Secretary shall disclose any information, data, or documents relating to the Committee's work, the Company, or its deliberations to any party—whether an individual or an internal or external entity—without obtaining prior written approval from the Board of Directors. The use of such information for personal benefit, or for the benefit of relatives or any related party, is strictly prohibited.
- The obligation of confidentiality shall continue even after the expiry of a member's term or the end of any assignment related to the Committee. The member shall remain bound not to disclose or exploit in any manner any information or documents obtained during the period of membership.
- If any Committee member or the Secretary breaches the provisions of this Article, the Company shall be entitled to take the legal actions prescribed by law, including claiming compensation for any direct or indirect damages incurred by the Company as a result of such breach, without prejudice to its right to apply the provisions of the relevant laws and regulations.
- Exceptions to the confidentiality obligation shall apply in cases where disclosure is required by law or by regulatory authorities, provided that such disclosure is made in accordance with the approved legal procedures and with the approval of the Board of Directors.





## Article Twelve: Conflict of Interest

- Each Committee member shall:
  - Perform his duties with honesty and integrity, not place personal interests above the interests of the Company and its shareholders, and not exploit his position to achieve personal gains.
  - Avoid situations of conflict of interest and notify the Board of any conflict that may affect his impartiality when considering matters presented to the Committee. In such cases, the Committee shall exclude the member from deliberations, and his vote shall not be counted in voting on such matters in Committee meetings or shareholders' assemblies.
  - Maintain the confidentiality of information related to the Company and its activities and refrain from disclosing it to any person.
- A Committee member is prohibited from exploiting or benefiting—directly or indirectly—from any of the Company's assets, information, or investment opportunities presented to him in his capacity as a member of the Remuneration and Nomination Committee or presented to the Company. This includes investment opportunities that fall within the Company's activities or those that the Company intends to pursue. This prohibition shall also apply to a Committee member who resigns for the purpose of exploiting—directly or indirectly—investment opportunities that the Company intends to pursue and of which he became aware during his membership on the Committee.
- If a committee member has any conflict of interest in a matter listed on the Committee's agenda, he must disclose such conflict before the commencement of discussion of the matter. Such disclosures shall be recorded in the meeting minutes, and the member shall not attend, participate in, or vote on the discussion of the relevant matter.
- A Committee member shall not have any direct or indirect interest in contracts concluded for the account of the Company, nor shall he participate in any activity that competes with the Company or compete with the Company in any of the business activities it undertakes, except with prior approval of the Ordinary General Assembly, renewable annually, in accordance with the applicable legal procedures.
- If a Committee member fails to disclose his interest in contracts concluded for the account of the Company, the Company or any interested party may claim before the competent judicial authority for the invalidation of the contract or require the member to remit any profit or benefit realized therefrom.
- If a Committee member fails to disclose his participation in any activity that competes with the Company or competes with it in any of the business activities it undertakes, the Company may claim before the competent judicial authority for appropriate compensation.



- If it is proven that a Committee member has benefited from investment opportunities, the Company or any interested party may claim before the competent judicial authority for the invalidation of any act, profit, or benefit realized from such opportunity. The Company may also claim appropriate compensation.

### Article Thirteen: Remuneration of Committee Members

- A Committee member shall be entitled to annual remuneration in accordance with the policy for the remuneration of Board members, Board committees, and senior executives approved by the General Assembly of the Company.
- The Board of Directors shall determine the remuneration and allowances payable to the Secretary of the Committee.
- If a decision is issued by the Board of Directors to relieve a member from Committee membership due to absence from three consecutive meetings or five separate meetings during the term of membership without an acceptable legitimate excuse, such member shall not be entitled to any remuneration or compensation for the period following the last meeting attended, and shall be required to return all remuneration and compensation paid for that period.
- The Company shall have the right to claim compensation for any damage to its reputation and to recover any remuneration, compensation, and other costs incurred by the Company to facilitate the member's performance of his responsibilities, if the member commits an act involving dishonesty, breach of trust, forgery, or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country, or fails to perform his responsibilities, duties, and obligations in a manner that results in harm to the Company's interests.

### Article Fourteen: Review and Update of the Charter

- This Charter shall be subject to periodic review by the Board of Directors, on the recommendation of the Remuneration and Nomination Committee, for development and updating in line with the relevant laws and regulations and as deemed appropriate by the Board. No amendment may be made thereto except by a resolution of the Board of Directors, provided that it is submitted to the Ordinary General Assembly for approval.

### Article Fifteen: Disclosure

#### First: Disclosure of the Remuneration Policy

In line with the principles of transparency and accountability, the Remuneration and Nomination Committee shall disclose, in the Board of Directors' Report, information related to the remuneration policy and the mechanisms for its implementation, as follows:



- The Committee shall disclose the remuneration policy approved by the Company and the mechanism for determining the remuneration of Board members, members of the Board committees, and the executive management, in a manner that ensures a direct linkage between remuneration and the level of individual and institutional performance.
- The Committee shall ensure accurate and transparent disclosure in the Board of Directors' Report of all remuneration and benefits granted to Board members, members of the Board committees, and the executive management, whether cash, in-kind, or any other benefits, regardless of their nature or designation. Such disclosures shall be made directly or indirectly without concealment or misrepresentation. Where remuneration or benefits are granted in the form of shares in the Company, the market value of such shares as at the entitlement date shall be disclosed.
- The Committee shall clarify the relationship between the remuneration granted and the remuneration policy in force, and shall disclose any material deviations from such policy, together with the objective reasons therefore (if any).
- The Board of Directors' Report shall include a detailed statement of the remuneration and compensation paid to each of the following categories separately:
  - Members of the Board of Directors.
  - Members of the committees formed by the Board of Directors.
  - Five of the senior executives who received the highest remuneration in the Company, including the Chief Executive Officer and the Chief Financial Officer.

## **Second: Disclosure Related to the Remuneration and Nomination Committee**

- The annual Board of Directors Report shall include a detailed statement on the Charter of the Remuneration and Nomination Committee, the mechanism for determining the remuneration of its members, and the policy for disbursement thereof, in accordance with what is approved by the General Assembly.
- The report should also disclose the total amounts and financial and in-kind benefits paid to each member of the Committee, whether fixed remuneration, attendance allowances, or other benefits, in consideration for any work, or executive, technical, administrative, or advisory positions assigned to the member by the Board of Directors or its committees.
- The foregoing disclosures shall be made with full transparency and clarity, and in compliance with the requirements of the Capital Market Authority and the relevant registration and listing rules.

## Article Sixteen: Entry into Force

- This Charter shall enter into force as of the date of its approval by the General Assembly, and the responsibility for its implementation shall rest with the Board of Directors and the Remuneration and Nomination Committee.
- The Board of Directors, supported by the Remuneration and Nomination Committee, shall periodically review this Charter to ensure its suitability in light of any changes to the nature of the Company's business, its strategic objectives, and the applicable laws and regulations, and shall submit recommendations in this regard to the General Assembly.
- This Charter shall be complementary to the Company's Articles of Association, the Corporate Governance Regulations, and the policies approved by the Company relating to the Board of Directors and its committees.
- Any matter not expressly provided for in this Charter shall be governed by the applicable laws and regulations issued by the competent authorities.
- This Charter shall repeal and replace any procedures, resolutions, or internal regulations of the Company that conflict with its provisions.

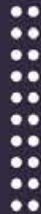


شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



# Remuneration Policy for Members of the Board of Directors, the Committees Formed Therefrom, and the Executive Management

**After Modification**





## Article One: Introduction

In pursuit of the Company's commitment to strengthening the principles of transparency, integrity, and accountability, enhancing the effectiveness of corporate governance, and achieving alignment between the interests of shareholders, executive management, and the Board of Directors, the Company has adopted the Remuneration Policy for Members of the Board of Directors, the Committees formed therefrom, and the Executive Management. This Policy is prepared in accordance with the provisions of the Companies Law, the Corporate Governance Regulations issued by the Capital Market Authority, and other relevant laws and regulations.

Based on the Company's conviction that an effective governance framework contributes to achieving financial sustainability and operational efficiency, this Policy has been developed to serve as a regulatory framework that ensures the fair, equitable, and performance-linked determination of remuneration for members of the Board of Directors, its committees, and the executive management. This approach is intended to incentivize the achievement of sustainable positive results aligned with the Company's strategic objectives.

Through this Policy, the Company affirms its commitment to applying best practices in corporate governance and ensuring that remuneration granted is fair, balanced, and commensurate with the level of responsibilities entrusted to each member and their performance, thereby enhancing their ability to contribute effectively to the realization of the Company's mission and future vision.

## Article Two: Objective

This Policy aims to establish a clear regulatory framework governing the principles and controls for determining and disbursing remuneration to members of the Board of Directors, the committees formed therefrom, and the executive management, in a manner that ensures fairness and transparency, promotes outstanding performance, and supports the achievement of the Company's strategic objectives, through the following:

- Strengthening the principles of sound corporate governance by ensuring the Company's compliance with standards of integrity, transparency, and accountability in determining remuneration, in accordance with the Companies Law, the Corporate Governance Regulations issued by the Capital Market Authority, and relevant regulations.





- Achieving fairness and equity by ensuring that remuneration granted to members of the Board of Directors, its committees, and the executive management is fair and equitable, reflects the level of responsibilities and duties assigned to each, and corresponds to their actual contribution to achieving the Company's objectives.
- Enhancing the principle of linking remuneration to performance by aligning the remuneration of Board members, committee members, and executive management with the achievement of the Company's strategic and operational objectives and approved performance indicators.
- Enabling the Company to attract and retain qualified talent by offering incentives and remuneration commensurate with their capabilities, skills, and responsibilities, thereby supporting business continuity and sustainable growth.
- Ensuring that the remuneration policy is aligned with the Company's financial position and actual performance, in a manner that safeguards shareholders' interests and achieves a balance between short-term profitability and long-term sustainable growth.
- Enhancing transparency and disclosure by establishing clear mechanisms for disclosing remuneration, allowances, and financial and in-kind benefits in the Company's annual reports in accordance with the requirements of the Capital Market Authority, thereby strengthening the confidence of shareholders and stakeholders in the Company's performance.
- Ensuring governance in the evaluation process by empowering the Remuneration and Nomination Committee to perform its role in periodically reviewing and assessing remuneration and ensuring its alignment with changes in the regulatory environment and the Company's strategic objectives.

### Article Three: Responsibilities

The responsibilities of the parties concerned with the implementation of this Policy are defined as follows:

#### First: Board of Directors

The Board of Directors bears the ultimate responsibility for the implementation and review of this Policy and shall undertake the following:

- Reviewing and updating the Remuneration Policy and submitting it to the General Assembly for approval, in accordance with the recommendation of the Remuneration and Nomination Committee.





- Ensuring that this Policy complies with the Companies Law, the Corporate Governance Regulations, and other relevant laws and regulations.
- Overseeing the Company's compliance with the implementation of the Policy following its approval by the General Assembly.
- Reviewing the periodic reports submitted by the Remuneration and Nomination Committee regarding the assessment of the effectiveness of the Policy's implementation.
- Approving the final remuneration recommended for members of the Board of Directors, its committees, and the executive management in accordance with the approved Policy.
- Submitting the necessary recommendations to the General Assembly to approve or amend the Policy, as required.

## **Second: Remuneration and Nomination Committee**

The Committee is responsible for the preparation, follow-up, and implementation of this Policy, as follows:

- Preparing a clear remuneration policy for members of the Board of Directors, the committees formed therefrom, and the executive management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly.
- Recommending to the Board of Directors appropriate remuneration based on individual and institutional performance in accordance with specific and clear criteria.
- Periodically reviewing the Remuneration Policy to ensure its suitability in light of regulatory, financial, and strategic changes that may affect the Company.
- Verifying the implementation of the Policy after its approval and ensuring its alignment with the interests of the Company and its shareholders.
- Preparing periodic reports on the remuneration granted and presenting them to the Board of Directors.
- Ensuring transparent disclosure of remuneration in the annual reports in accordance with the requirements of the Capital Market Authority.

## **Third: Executive Management**

Executive management is responsible for full cooperation with the Remuneration and Nomination Committee through the following:







- Providing the Committee with accurate data and information necessary for performance evaluation and remuneration determination.
- Implementing the decisions approved by the Board of Directors regarding the disbursement of remuneration and financial and in-kind benefits.
- Ensuring full compliance with the controls governing disbursement and review in accordance with this Policy.
- Preparing periodic reports demonstrating the extent of compliance with the implementation of the Policy and submitting them to the Remuneration and Nomination Committee.

#### **Fourth: General Assembly of Shareholders**

The General Assembly of Shareholders shall assume the following responsibilities:

- Approving the Remuneration Policy and any amendments thereto based on the recommendation of the Board of Directors.
- Approving the remuneration of members of the Board of Directors in accordance with what is proposed by the Board.

#### **Article Four: References**

- The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the decision of the Board of the Capital Market Authority dated 01/07/1441H (corresponding to 25/02/2020G), and updated in accordance with the amended Companies Law pursuant to the decision of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- The Company's Articles of Association issued on 10/10/1440H (corresponding to 13/06/2019G) pursuant to the resolution of the Extraordinary General Assembly dated 14/09/1440H (corresponding to 19/05/2019G), as amended in accordance with the amended Articles of Association pursuant to the resolutions of the Extraordinary General Assembly dated 01/11/1444H (corresponding to 21/05/2023G), dated 08/12/1446H (corresponding to 04/06/2025G), dated 16/02/1447H (corresponding to 10/08/2025G), and dated 27/05/1447H (corresponding to 18/11/2025G).





- The Implementing Regulations of the Companies Law relating to listed joint stock companies issued by the Board of the Capital Market Authority.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), as amended by Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G), and updated in accordance with the amended Corporate Governance Regulations pursuant to Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
- The Company's Corporate Governance Regulations.
- The Charter of the Remuneration and Nomination Committee.

#### Article Five: Definitions

For this Policy, the following words and expressions shall have the meanings set forth opposite each of them, unless the context requires otherwise:

- **Authority:** The Capital Market Authority (CMA).
- **Policy:** The Remuneration Policy for Members of the Board of Directors, the Committees Formed Therefrom, and the Executive Management.
- **Governance Regulations:** The Corporate Governance Regulations issued by the Board of the Capital Market Authority.
- **Company Governance Regulations:** The Corporate Governance Regulations of Zahrat Al Waha for Trading Company – a Saudi joint stock public company.
- **Company:** Zahrat Al Waha for Trading Company – a Saudi joint stock public company.
- **General Assembly:** An assembly formed by the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
- **Board of Directors or the Board:** The Board of Directors of Zahrat Al Waha for Trading Company – a Saudi joint stock public company.
- **Committee:** The Remuneration and Nomination Committee formed by the Company's Board of Directors.
- **Executive Management / Senior Executives:** The persons entrusted with managing the Company's day-to-day operations, proposing strategic decisions, and implementing them, including the Company's Chief Executive Officer and the other members of the executive management.





- **Invitees:** Any person invited to attend a committee meeting who is not a member thereof.
- **Remuneration:** Amounts, allowances, profits and the like, periodic or annual performance-related remuneration, short-term or long-term incentive plans, and any other in-kind benefits, excluding reasonable actual expenses incurred by the Company on behalf of a Board member for the purpose of performing his duties.

## Article Six: Remuneration Criteria

Without prejudice to the provisions of the Companies Law, the Capital Market Law and their implementing regulations, the Company's Articles of Association, and the Corporate Governance Regulations issued by the Capital Market Authority, the remuneration of members of the Board of Directors, the committees formed therefrom, and the executive management shall be subject to the following criteria:

### 1. Alignment with the Company's Strategy and Objectives

The Remuneration Policy shall be aligned with the Company's short-term and long-term strategy, operational and financial objectives, the sector in which it operates, and the nature of the risks it faces, in a manner that ensures the sustainability of performance and results.

### 2. Incentivizing Sustainable Performance

Remuneration shall be granted with the aim of incentivizing members of the Board of Directors, the committees formed therefrom, and the executive management to ensure the Company's success and long-term growth, by linking the variable portion of remuneration to long-term performance achieved, and not solely to short-term annual results.

### 3. Determination Based on Position and Responsibilities

Remuneration shall be determined based on the level of the position, duties and responsibilities entrusted to the holder thereof, academic qualifications, professional experience, specialized skills, and the actual performance level of the individual and of the Company as a whole.

### 4. Alignment with Size, Nature, and Level of Risk

Remuneration shall be commensurate with the size and nature of the Company and the level of risks associated with its activities, so as not to encourage behavior that may lead to excessive or imprudent risk-taking.





## **5. Consideration of Market Benchmarking Practices**

Comparable market practices may be considered when determining remuneration, if this ensures the Company's competitiveness in attracting and retaining talent without exaggeration or unjustified increases in remuneration.

## **6. Fairness and Proportionality**

Remuneration shall be fair and proportionate to the effort exerted, duties and responsibilities borne by each member of the Board of Directors, the committees formed therefrom, or the executive management, as well as to the level of individual performance and contribution to achieving the Company's objectives.

## **7. Incentivization and Attraction of Talent**

Remuneration aims to attract, retain, and motivate distinguished professional competencies to achieve the best possible results, while avoiding excessive remuneration in a manner that ensures a balance between individual rights and shareholders' interests.

## **8. Institutional Coordination in Remuneration Preparation**

The preparation and updating of the Remuneration Policy shall be carried out in coordination between the Remuneration and Nomination Committee and the Human Resources Department, in line with the Company's strategic directions and development plans.

## **9. Granting Shares and Long-Term Incentives**

The granting of shares in the Company to members of the Board of Directors, the committees formed therefrom, or the executive management may be organized, whether such shares are newly issued by the Company or treasury shares owned by it, in accordance with the relevant laws and regulations.

## **10. Recommendation and Approval**

All remuneration shall be based on the recommendation of the Remuneration and Nomination Committee and approved by the Board of Directors, provided that the remuneration of Board members is submitted to the General Assembly for approval.

## **11. Variation in Remuneration**

The remuneration of Board members may vary to reflect each member's experience, specialization, degree of independence, assigned duties, number of meetings attended, and contributions to the work of the Board and its committees.





## 12. Committee Remuneration

The remuneration of members of committees formed by the Board of Directors shall consist of a fixed annual remuneration, meeting attendance allowances, and other benefits as determined by this Policy.

## 13. Additional Assignments

A Board member may receive additional remuneration for his membership in one of the committees formed by the Board, or for performing additional executive, technical, administrative, or advisory tasks or positions – pursuant to a professional license – assigned to him by the Company, in accordance with the provisions of the Companies Law and the Articles of Association.

## 14. Verification of Information and Claw Back of Remuneration

If the Audit Committee or the Authority determines that any remuneration paid to a member of the Board of Directors or the executive management was based on incorrect or misleading information presented to the General Assembly or included in the Board of Directors' annual report, such remuneration shall be returned to the Company, and the Company shall have the right to claim its recovery.

## 15. Periodic Evaluation and Review

The Remuneration and Nomination Committee shall periodically review the remuneration criteria and mechanisms to ensure their continued suitability in light of applicable laws, regulations, and strategic changes, and shall recommend any necessary amendments to the Board of Directors for approval.

## Article Seven: Remuneration of Members of the Board of Directors and the Committees Formed Therefrom

### First: General Provisions

- The remuneration of a member of the Board of Directors and all benefits he may receive – if any – shall be in accordance with what is approved by the Ordinary General Assembly, in compliance with the applicable laws, regulations, and official instructions issued in this regard, and within the limits stipulated in the Companies Law and its implementing regulations.
- The remuneration of a Board member may take the form of a fixed amount, a meeting attendance allowance, in-kind benefits, or a specified percentage of net profits, and it may be permissible to combine two or more of these forms.





- If the remuneration is a specified percentage of the Company's profits, such percentage shall not exceed **ten percent (10%)** of the net profits, after deducting the statutory reserves resolved by the General Assembly and after distributing profits of no less than **one percent (1%)** of the Company's paid-up capital to shareholders. Entitlement to such remuneration shall be proportionate to the number of meetings attended by the members.
- The remuneration of independent members of the Board of Directors shall not be a percentage of the Company's profits, nor shall it be based directly or indirectly on its profitability, to preserve their independence.

## **Second: Schedule of Remuneration and Allowances for Members of the Board of Directors and the Committees Formed Therefrom**

- In implementation of the provisions set out under **First** of this Article, the remuneration and benefits of members of the Board of Directors and the committees formed therefrom shall be as follows:

### **1. Members of the Board of Directors**

| Item                                                        | Amount                                                    |
|-------------------------------------------------------------|-----------------------------------------------------------|
| Attendance allowance per meeting                            | SAR 4,000 (Four Thousand Saudi Riyals)                    |
| Remuneration of a non-executive Board member (fixed amount) | SAR 150,000 (One Hundred and Fifty Thousand Saudi Riyals) |
| Remuneration of an executive Board member                   | SAR 0 (Zero)                                              |

### **2. Members of the Audit Committee**

| Item                                                            | Amount                                   |
|-----------------------------------------------------------------|------------------------------------------|
| Attendance allowance per meeting                                | SAR 4,000 (Four Thousand Saudi Riyals)   |
| Remuneration of a non-executive committee member (fixed amount) | SAR 50,000 (Fifty Thousand Saudi Riyals) |







### 3. Members of the Remuneration and Nomination Committee

| Item                                                            | Amount                                    |
|-----------------------------------------------------------------|-------------------------------------------|
| Attendance allowance per meeting                                | SAR 4,000 (Four Thousand Saudi Riyals)    |
| Remuneration of a non-executive committee member (fixed amount) | SAR 30,000 (Thirty Thousand Saudi Riyals) |

### 4. Members of the Risk Management Committee

| Item                                                            | Amount                                    |
|-----------------------------------------------------------------|-------------------------------------------|
| Attendance allowance per meeting                                | SAR 4,000 (Four Thousand Saudi Riyals)    |
| Remuneration of a non-executive committee member (fixed amount) | SAR 30,000 (Thirty Thousand Saudi Riyals) |

### 5. Members of the Governance Committee

| Item                                                            | Amount                                    |
|-----------------------------------------------------------------|-------------------------------------------|
| Attendance allowance per meeting                                | SAR 4,000 (Four Thousand Saudi Riyals)    |
| Remuneration of a non-executive committee member (fixed amount) | SAR 30,000 (Thirty Thousand Saudi Riyals) |

- Board of Directors' Remuneration:**

Attendance allowances for meetings and other allowances shall be paid on an annual basis, while the fixed annual remuneration shall be paid after its approval by the General Assembly.

- Remuneration of Committees Formed by the Board of Directors:**

Attendance allowances for meetings and other allowances shall be paid on an annual basis, in addition to the payment of the fixed annual remuneration after its approval by the Board of Directors.





## Article Eight: Remuneration of Executive Management

### First: General Framework

- The Remuneration and Nomination Committee shall review and approve the salary scale and employment benefits of senior executives, including short- and long-term incentive and bonus programs, based on a recommendation from the Executive Management and in line with the Company's strategy and long-term objectives.
- Executive management remuneration shall be structured in a manner that achieves a balance between sustainable financial and operational performance, reflects the level of responsibilities entrusted to them, and contributes to attracting, retaining, and motivating qualified talent.
- The Executive Management Remuneration Policy shall be subject to periodic review by the Committee to ensure its compliance with applicable laws and regulations and alignment with the Company's strategic objectives.

### Second: Components of Remuneration and Benefits

Executive management remuneration shall include the following components:

#### 1. Basic Salary:

Determined based on the nature of the position, level of responsibilities, qualifications, practical experience, and specialized skills.

#### 2. Allowances and Cash and In-Kind Benefits:

Including, but not limited to, the following:

- Housing allowance or provision of suitable housing for the executive and his family.
- Transportation allowance or provision of suitable transportation.
- Medical insurance for the executive and his family members.
- Enrollment in social insurance schemes in accordance with the laws and regulations of the Kingdom.
- Children's education allowance (if applicable).
- Periodic travel tickets for the executive and his family (if applicable).
- Paid annual leave.



- End-of-service benefits in accordance with the Saudi Labor Law and the Company's Human Resources Regulations.
- Any other allowances or benefits approved by the Board of Directors based on the Committee's recommendation.

### 3. Performance-Based Incentives:

Including the following:

- An annual increment based on the results of the annual performance evaluation and individual and institutional performance indicators.
- A variable annual bonus (short-term) granted based on the achievement of operational and financial targets approved by the Board of Directors.
- A long-term incentive bonus (if any), aimed at promoting sustainability and long-term growth, in accordance with pre-determined performance criteria.

### Third: Governance and Oversight

- The Remuneration and Nomination Committee shall periodically review the general policies, plans, and programs relating to the remuneration of senior executives, and submit its findings and recommendations to the Board of Directors for approval.
- The Chief Executive Officer shall implement the remuneration policy for employees and senior executives in accordance with the policies and plans approved by the Board of Directors and in coordination with the Human Resources Department.
- The Remuneration and Nomination Committee shall review and approve the payment of annual incentives and bonuses for the Chief Executive Officer and submit its final recommendations to the Board of Directors for approval.
- Details of the remuneration of senior executives shall be disclosed in the annual Board of Directors' Report in accordance with the requirements of the Capital Market Authority and the Corporate Governance Regulations.

### Article Nine: Payment of Remuneration

Remuneration shall be paid—pursuant to the remuneration and benefits schedules attached to this Policy—in Saudi Riyals or the equivalent in any other currency and shall be paid through a direct bank transfer to the bank accounts designated by the concerned person.



## Article Ten: General Provisions

- Members of the Board of Directors shall not be entitled to vote on the agenda item relating to the remuneration of Board members at the General Assembly meeting.
- This Policy shall be deemed complementary to the Company's Articles of Association, the Corporate Governance Regulations, and the Company's Corporate Governance Regulations.
- Any matter not expressly provided for in this Policy shall be governed by the relevant laws and regulations issued by the competent authorities.

## Article Eleven: Disclosure

### First: Disclosure of Board of Directors' Remuneration

- The annual Board of Directors Report submitted to the Ordinary General Assembly shall include a detailed and comprehensive statement of all amounts received by each Board member during the financial year, including:
  - Annual remuneration.
  - Attendance fees for meetings.
  - Other cash or in-kind benefits.
  - Any amounts paid in consideration for executive, technical, administrative, or advisory assignments entrusted to them by the Board of Directors or its committees.
- The report shall also include a statement of the number of Board meetings held during the financial year, with details of the number of meetings attended by each member individually from the date of the last General Assembly meeting until the end of the financial year.

### Second: Disclosure of Remuneration of Board Committees

- The Board of Directors' Report shall include a statement of the financial and in-kind remuneration and benefits received by members of the committees formed by the Board, including attendance fees, annual remuneration, and any other benefits, if any.
- The report should also indicate the attendance rate of members at committee meetings during the financial year, and the number of meetings held by each committee.





### **Third: Disclosure of Executive Management Remuneration**

- The Board of Directors' Report shall include a statement of the financial and in-kind remuneration and benefits received by the top five senior executives who received the highest remuneration during the financial year, including the Chief Executive Officer and the Chief Financial Officer.

### **Fourth: Disclosure of Remuneration in the Board of Directors' Report**

- Without prejudice to the foregoing, the Company shall disclose in its annual Board of Directors' Report the remuneration, compensation, and benefits received by members of the Board of Directors, members of the Board committees, and members of the Executive Management, in accordance with the Corporate Governance Regulations issued by the Capital Market Authority. Such disclosures should include the following:
  - Remuneration and benefits granted to members of the Board of Directors.
  - Remuneration and benefits granted to members of the committees formed by the Board.
  - Remuneration and benefits granted to the top five senior executives who received the highest remuneration during the financial year, including the Chief Executive Officer and the Chief Financial Officer.
- Disclosure shall be accurate and transparent and shall include all remuneration and benefits, whether cash, in-kind, shares, or other benefits, regardless of their name or nature, together with a statement of the basis on which they were calculated, in compliance with the principle of disclosure and transparency stipulated in the applicable governance regulations.

### **Article Twelve: Entry into Force**

- This Policy shall enter into force as of the date of its approval by the Ordinary General Assembly. Responsibility for its implementation shall rest with the Board of Directors. The Policy shall be published on the Company's website to enable shareholders, the public, and stakeholders to review it.

The Board of Directors—supported by the Remuneration and Nomination Committee—shall review this Policy periodically to ensure its suitability considering any changes like the Company's business, its strategic objectives, and the applicable laws and regulations, and shall submit recommendations to the General Assembly accordingly.



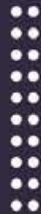


شركة زهرة الواحة للتجارة  
Zahrat Al Waha for Trading Company



# Corporate Social Responsibility Policy

**After Modification**







## Article One: Introduction

Based on Zahrat Al Waha for Trading Company's firm belief that its success and long-term sustainability are closely linked to the prosperity of the society and environment in which it operates, the Company adopts the concept of Corporate Social Responsibility (CSR) as a strategic approach that reflects its steadfast commitment toward its community, partners, and stakeholders.

As corporate social responsibility has become a key benchmark for assessing corporate sustainability and governance quality, Zahrat Al Waha for Trading Company seeks to integrate this concept into its business ecosystem and operational plans and to embed a culture of social responsibility across employee conduct, internal policies, and investment decisions.

The Company believes that its active contribution to environmental, social, educational, and health-related causes constitutes a responsibility toward society. Accordingly, the Company affirms its commitment to applying ethical and regulatory principles across all CSR programs and to adopting a sustainable approach that improves quality of life and develops human capabilities. The Company further commits to periodically measuring the outcomes of its initiatives and continuously enhancing them to ensure the achievement of the intended positive impact, thereby contributing to the development of a strong and cohesive society and creating long-term added value for both society and the national economy, in alignment with the objectives of the Kingdom of Saudi Arabia's Vision.

Through this Policy, Zahrat Al Waha for Trading Company defines the general framework for corporate social responsibility, the roles of the relevant parties, areas of focus, core principles, and mechanisms for monitoring and updating, in a manner that ensures directing efforts toward serving the community, achieving sustainable development, preserving the environment, and enhancing competitiveness and institutional responsibility in accordance with the highest standards of quality and compliance.

## Article Two: Objective

This Policy aims to establish a comprehensive regulatory framework that entrenches the concept of corporate social responsibility as a fundamental partner in achieving the Company's vision and objectives. The Policy seeks to enhance the Company's role in sustainable development through the following:

- Integrating corporate social responsibility principles into the Company's strategy and operational activities in a manner that ensures a balance between economic growth and social and environmental considerations.





- Strengthening the Company's contribution to community service by adopting effective development initiatives that enhance quality of life, increase social awareness, and empower various segments of society.
- Committing to ethical practices and sound corporate governance in the implementation of CSR programs, in a manner that reflects the Company's values of transparency and integrity.
- Establishing an organized framework for managing CSR programs, including planning, implementation, monitoring, and periodic evaluation to measure impact and ensure continuous performance improvement.
- Enhancing community partnerships with government entities, the private sector, and the non-profit sector, thereby expanding the scope of initiatives and maximizing their social impact.
- Participating in environmental protection and the sustainability of natural resources by adopting programs and practices that reduce negative environmental impacts and promote environmental awareness.
- Contributing to the support of the national economy through training programs, capacity building, encouragement of innovation and professional responsibility, and support for national talent.

Overall, this Policy aims to make corporate social responsibility an integral part of the Company's identity and operations, in a manner that delivers added value to society and reinforces the Company's position as a responsible institution committed to sustainable development.

### Article Three: Responsibilities

Responsibilities related to the preparation, approval, and implementation of the Corporate Social Responsibility Policy are determined as follows:

#### First: General Assembly of Shareholders

The General Assembly is the competent authority to approve this Policy and any amendments thereto, in accordance with the powers granted to it under the Companies Law and the Corporate Governance Regulations. Approval by the General Assembly is a prerequisite for this Policy to enter into force.

#### Second: Board of Directors

The Board of Directors shall assume the following responsibilities:





- Exercising overall oversight of the implementation of the Policy and ensuring its alignment with the Company's strategy and objectives.
- Monitoring the extent of executive management's compliance with the scope of the Policy and directing it to ensure the application of best CSR practices.
- Ensuring the Company's compliance with applicable laws and regulations, including the requirements of the Capital Market Authority.
- Reviewing periodic reports related to the implementation of CSR initiatives and programs.

### **Third: Executive Management**

Executive management shall be responsible for the following:

- Preparing the draft Policy, reviewing it periodically, proposing any necessary amendments, and submitting it to the Board of Directors for review before presentation to the General Assembly for approval.
- Developing and implementing CSR plans and programs in accordance with approved budgets.
- Coordinating with internal and external parties to activate initiatives and community projects.
- Submitting detailed reports to the Board of Directors regarding progress levels and the social and environmental impact of initiatives.
- Ensuring the compliance of employees, suppliers, and partners with the provisions of this Policy.

### **Fourth: Board Secretary**

The Board Secretary shall undertake the following tasks:

- Supporting executive management in the preparation and updating of this Policy.
- Documenting and following up on relevant resolutions issued by the Board of Directors and the General Assembly.
- Facilitating communication among the relevant parties within the Company to ensure the availability of information necessary for the implementation of the Policy.

### **Fifth: Regulatory Bodies and Relevant Departments within the Company**

Each department, within the scope of its responsibilities, shall commit to the following:

- Implementing the CSR programs and initiatives relevant to its functions.
- Complying with the rules and instructions issued pursuant to this Policy.





- Providing supporting data and reports for monitoring and evaluation purposes.

#### Article Four: References

- The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the resolution of the Board of the Capital Market Authority dated 01/07/1441H (corresponding to 25/02/2020G), and updated in accordance with the amended Companies Law pursuant to the CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- The Company's Articles of Association issued on 10/10/1440H (corresponding to 13/06/2019G) pursuant to the resolution of the Extraordinary General Assembly dated 14/09/1440H (corresponding to 19/05/2019G), as amended pursuant to the resolutions of the Extraordinary General Assembly dated 01/11/1444H (corresponding to 21/05/2023G), 08/12/1446H (corresponding to 04/06/2025G), 16/02/1447H (corresponding to 10/08/2025G), and 27/05/1447H (corresponding to 18/11/2025G).
- The Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the Board of the Capital Market Authority.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA Board Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G), and updated in accordance with the amended Corporate Governance Regulations pursuant to CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
- The Company's Corporate Governance Regulations.

#### Article Five: Definitions

For this Policy, the following words and terms shall have the meanings set forth below, unless the context requires otherwise:

- **The Company:** Zahrat Al Waha for Trading Company, including its branches, subsidiaries, and any entities subject to its operational or administrative control.





- **Board of Directors:** The Board of Directors of Zahrat Al Waha for Trading Company, responsible for the preparation of this Policy, overseeing its implementation, and monitoring its performance.
- **Executive Management:** The Chief Executive Officer and all executive leadership authorized to manage the Company's operations and implement corporate social responsibility initiatives and programs.
- **Laws and Regulations:** All laws, regulations, and instructions issued by the regulatory authorities in the Kingdom of Saudi Arabia, including the Companies Law, Capital Market Authority regulations, the Corporate Governance Regulations, and any other relevant laws or instructions.
- **Corporate Social Responsibility (CSR):** A set of voluntary initiatives and programs adopted by the Company to contribute to community development, environmental protection, enhancement of individual well-being, and the creation of sustainable social and economic value beyond the scope of the Company's core commercial activities.
- **Sustainable Development:** A development process that meets the needs of the present without adversely affecting the ability of future generations to meet their own needs, encompassing economic, social, and environmental dimensions.
- **Stakeholders:** All individuals or entities that are affected by, or have an impact on, the Company's activities, including employees, shareholders, customers, suppliers, the local community, government entities, regulatory and supervisory authorities, and partners.
- **Community Programs:** Programs, initiatives, and projects implemented by the Company within the framework of its CSR responsibilities to support the community and enhance its well-being (such as environmental initiatives, training, volunteering, health support, and education).
- **Environmental Programs:** Initiatives focused on reducing negative environmental impacts, improving the efficiency of natural resource utilization, and ensuring compliance with local and international environmental regulations.
- **Volunteering Initiatives:** Activities in which the Company's employees or volunteers participate to strengthen community engagement and contribute to environmental improvement or the provision of social services.





## Article Six: Scope of Application of the Policy

This Policy shall apply to all activities and initiatives related to corporate social responsibility within Zahrat Al Waha for Trading Company, its branches, and its subsidiaries. The scope of application includes the following:

### First: Entities Covered by the Policy

This Policy shall apply to the following categories:

- The Board of Directors and its emanating committees.
- Executive management and all administrative leadership.
- All employees of the Company and its branches at all organizational levels.
- Customers, suppliers, and counterparties when participating in the implementation of CSR programs.
- Any external parties or partners cooperating with the Company in initiatives or programs related to corporate social responsibility.

### Second: Scope of Covered Activities

The scope of this Policy includes all the following aspects:

- Designing, managing, and implementing community initiatives and programs.
- Initiatives related to environmental protection and compliance with environmental standards.
- Volunteering programs and employee participation in community activities.
- Educational and training programs are directed toward the community.
- Activities related to public health and safety.
- Charitable events, donations, and community sponsorships.
- Any other activities with developmental or social impact that are consistent with the Company's objectives.

### Third: Regulatory Framework

This Policy shall be applied in accordance with:

- The Companies Law of the Kingdom of Saudi Arabia.
- Relevant rules and instructions are issued by the Capital Market Authority.







- Locally adopted environmental and development regulations.
- The Company's Corporate Governance Regulations.
- Relevant internal policies and procedures.

In the event of any conflict between the provisions of this Policy and the applicable statutory or regulatory requirements in the Kingdom, the provisions of the applicable laws and official regulations shall prevail.

### Article Seven: Priority Focus Areas

The corporate social responsibility efforts of Zahrat Al Waha for Trading Company are centered on a set of key focus areas that align with its corporate strategy and available resources, while at the same time responding to community needs and priority development issues. These focus areas include the following:

#### First: Education in Science and Technology

- Supporting educational initiatives and knowledge-based programs that contribute to building the capabilities of the next generation in scientific and technological disciplines, thereby enhancing competitiveness and keeping pace with future requirements.

#### Second: Water and Sustainable Agriculture

- Supporting initiatives that contribute to improving water-use efficiency and promoting sustainable agricultural practices, in a manner that positively impacts water and food security.

#### Third: Environmental Protection

- Participating in programs aimed at environmental conservation, enhancing environmental awareness, reducing pollution, and supporting efforts and practices that achieve the optimal use of natural resources.

#### Fourth: Health

- Contributing to the promotion of health awareness, supporting public health campaigns and programs, and initiatives that serve the most vulnerable segments of society.





The Company shall implement its CSR programs in these areas in accordance with the approved annual plan. Such programs shall include, by way of example and not limitation, the following:

- Sponsorship and support programs.
- Provision of donations.
- Organization of charitable events and initiatives.
- Educational and training programs.
- Volunteering initiatives and programs.
- Awareness campaigns for employees and the community.
- Initiatives related to urban, environmental, and aesthetic coordination within the community.

### Article Eight: Core Principles

The Corporate Social Responsibility Policy of Zahrat Al Waha for Trading Company is based on a set of core principles that constitute the reference framework guiding its decisions and community initiatives and ensure alignment of its efforts with its institutional values and strategic objectives. These principles include the following:

- **Promotion of Sustainable Partnerships:** Committing to the development of long-term, mutually beneficial partnerships with the communities in which the Company operates, thereby contributing to the achievement of sustainable social and economic impact.
- **Respect for Cultural and Social Diversity:** Taking into consideration the diversity of cultures, values, and customs of beneficiary communities, and respecting their specificities in a manner consistent with the laws and regulations in force in the Kingdom of Saudi Arabia.
- **Creation of Shared Value:** Designing and implementing CSR programs that deliver dual benefits to both the Company and society, and that simultaneously enhance economic and social development.
- **Enhancement of Sustainability:** Developing initiatives that contribute to building community capabilities in a manner that enables self-reliance and ensures the achievement of long-term positive impact.
- **Continuous Measurement and Ongoing Improvement:** Monitoring the outcomes of CSR programs, measuring their impact to the extent possible, and identifying areas for development to ensure continuous improvement in performance and output.





- **Transparency and Disclosure:** Sharing information related to CSR activities and programs with significant societal impact, in a manner that enhances trust and reinforces the principles of sound corporate governance.

## Article Nine: Pillars of the Effective Corporate Social Responsibility Framework

The Company is committed to ensuring that all its operations and activities are aligned with the interests of society and the objectives of sustainable development, in accordance with the concept of sustainable development, which is based on meeting present needs without compromising the ability of future generations to meet their own needs. The Company integrates ethical conduct and compliance with applicable laws and regulations across all its operational activities, such that its achievements in corporate social responsibility constitute a positive indicator of its overall performance.

### First: Responsibilities Toward the Community

The Company seeks to make a positive contribution to serving the community in which it operates. This responsibility is realized through the following initiatives and practices:

- Creating new employment opportunities that absorb the local workforce, while providing a suitable and motivating work environment.
- Supporting Saudi national workforce participation and enhancing its competitiveness through training, development, and the improvement of professional competencies.
- Taking public community interests and economic development objectives into consideration when making significant and strategic decisions.
- Protecting the environment from pollution and limiting all forms of environmental harm, in a manner that positively reflects public health and quality of life.
- Encouraging positive ethical behaviors and supporting charitable and voluntary initiatives with sustainable societal impact.
- Complying with applicable laws and regulations in the Kingdom of Saudi Arabia and ensuring full adherence to relevant legislation.
- Aligning the Company's activities with the economic, social, and cultural conditions of the community in a manner that respects its values and needs.
- Implementing training and development programs aimed at enhancing the capabilities of various segments of society and enabling them economically and intellectually.





## **Second: Environmental Responsibilities**

The Company believes that environmental protection and the preservation of natural resources constitute a core component of its commitments toward corporate social responsibility and sustainability. Accordingly, the Company is committed to contributing positively to environmental protection through the following:

- Giving the highest priority to environmental protection by ensuring that all operational activities comply with locally and internationally recognized environmental laws and regulations.
- Considering the environmental impact of products and services across their life cycle, including production, use, waste disposal, and reuse, in accordance with safe and responsible practices.
- Preserving natural resources and minimizing waste through the adoption of reuse and recycling practices for materials and goods to the greatest extent possible and disposing of residual waste in safe and responsible ways.
- Reducing reliance on carbon-based energy sources and limiting the consumption of other natural resources, in alignment with emission reduction objectives and improved energy efficiency.
- Supporting modern, environmentally friendly technologies that achieve sustainable environmental benefits over the long term.
- Proposing and implementing internal and external environmental initiatives aimed at environmental conservation and the promotion of sustainability concepts.
- Enhancing environmental awareness campaigns directed at employees and members of the community to raise awareness and promote positive environmental practices.

## **Third: Responsibilities Toward Different Segments of Society**

The Company is committed to supporting various segments of society, strengthening social cohesion, and promoting the values of respect and integration through the following:

- Respecting cultural and social differences among various segments of society and addressing them in a manner that reflects the Company's commitment to the values of diversity and coexistence.
- Respecting the diverse backgrounds, values, traditions, and cultures of individuals, in a manner that does not conflict with the laws and traditions of the Kingdom of Saudi Arabia.
- Supporting small and medium-sized enterprises and opening new opportunities that serve beneficiary segments of society and enhance their economic capabilities.





- Providing training and development programs aimed at developing the skills and capabilities of different segments of society, thereby contributing to their empowerment and increasing their economic and social participation.

#### **Fourth: Stakeholder Engagement**

The Company believes in the importance of transparency and continuous communication with stakeholders as an essential part of its corporate social responsibility and commits to the following:

- Identifying the interests and needs of stakeholders to ensure alignment with the Company's policies, initiatives, and strategies.
- Actively engaging stakeholders in relevant activities and initiatives, while considering their needs and the implications of their participation.
- Responding to legal and regulatory requirements related to stakeholders and complying with all relevant standards governing communication and disclosure.

#### **Fifth: Responsibilities Toward Employees**

The Company considers its employees to be a fundamental pillar of its success and sustainability and seeks to provide a supportive, motivating, healthy, and professionally enriching work environment through the following initiatives:

- Training and knowledge transfer by providing development programs that enable employees to enhance their skills and actively contribute within the Company.
- Improving the living and social conditions of employees and their families in a manner that enhances stability.
- Developing and improving the internal work environment to ensure comfort and productivity and to meet the highest quality standards.
- Encouraging social activities that promote teamwork and integration among employees.
- Enhancing gender equality programs in line with the laws of the Kingdom and ensuring fairness and equity within the workplace.
- Encouraging employee contributions and rewarding them in fair and transparent ways that stimulate initiative and creativity.





- Providing a safe and healthy work environment through continuous monitoring of occupational health and safety risks, taking necessary measures to mitigate such risks, and organizing training programs to raise awareness of occupational safety.

The Company also ensures the holding of regular formal and informal meetings between management and employees to address inquiries and issues raised, and to enhance effective and direct communication.

#### **Article Ten: Review and Update of the Policy**

This Policy shall be subject to periodic review by the Board of Directors based on the recommendation of executive management, to ensure its alignment with regulatory and operational developments and its consistency with recognized best practices. This Policy may be amended or updated pursuant to a resolution issued by the General Assembly.

#### **Article Eleven: Disclosure**

- The Company shall disclose the objectives and programs of corporate social responsibility to its employees through approved means, including email, the Company's intranet, or the official website.
- The Company shall ensure that all information related to CSR programs and initiatives is submitted to the Chief Executive Officer for review and approval, and that such information is disclosed accurately and on time through the Company's periodic activity reports published on its website.

#### **Article Twelve: Implementation**

Responsibility for implementing this Policy shall rest with all employees of Zahrat Al Waha for Trading Company and its branches, as well as suppliers, customers, and personnel operating across the Company's various business sectors. The Company's managers and officials shall be required to communicate this Policy and encourage its effective implementation.

#### **Article Thirteen: Entry into Force**

This Policy shall enter into force as of the date of its approval by the Ordinary General Assembly. Executive management shall be responsible for implementing this Policy on behalf of the Board of Directors, as the supervisory authority responsible for ensuring compliance with its provisions.





The contents of this Policy shall be deemed confidential and intended for internal use by the Company, except for such information as it is disclosed or published on the Company's website in accordance with approved disclosure controls.