



Nomination and Remuneration Committee Regulations

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Article 1: Purpose

In order to enhance its governance effectiveness, in compliance with relevant regulations and instructions, and to achieve the goals, growth and sustainability of business, FIPCO management has developed these Regulations.

These Regulations aim to organize the work of the Nominations and Remuneration Committee, define its tasks and authorities, as well as working procedures and rules for selecting its members, in light of the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443 AH, and the corresponding amended Corporate Governance Regulations issued by the Board of Capital Market Authority No. 8-5-2023 dated 25/06/1444 AH corresponding to 18/01/2023 AD, and their related executive regulations.

The Nominations and Remuneration Committee (referred to hereinafter as the "Committee") is appointed by the Board of Directors of Filling and Packing Materials Manufacturing Company (referred to hereafter as "FIPCO").

The main objective of the Nominations and Remuneration Committee emanating from the Board of Directors is to assist the Board in the following:

- 1 Recommend to the Board of Directors the nomination for membership in the Board according to the adopted policies and standards.
- 2 Recommend to the Board of Directors the nomination of members to serve in other Board committees.
- 3 Evaluate the skills of the Board members periodically.
- 4 Review the Board structure.
- 5 Ensure the independence of the independent Board members.
- 6 Submit recommendations on the remuneration of Board members, members of sub-committees and senior executives.

Article 2: Formation of the Nomination and Remuneration Committee

1 Nomination and Remuneration Committee is formed by a decision of the Board of Directors, provided that the company's Ordinary General Meeting issues regulations for the committee's, including the committee's controls, procedures, tasks, rules for selecting its members, their membership term, and their remuneration, based on a proposal from the Board of Directors.

2 Committee members are appointed by the Board by majority votes.

3 The Committee consists of at least 3 members and no more than 5 members. When forming the Committee, it is considered that its members are non-executive members of the Board. It may seek the assistance of non-executive members or individuals who are not members of the Board, whether they are shareholders or others, provided that the Committee chairman is an independent member.

4 The Committee term of office shall be 4 years and shall not exceed the term of office of the Board of Directors. The membership of a Committee member shall expire if the member's term of office on the Board of Directors ends or if the committee member voluntarily resigns. The membership of a committee member who is not a member of the Board of Directors shall expire upon resignation or upon the end of the Committee term of office. In all cases, the membership of a Committee member shall expire if they lack the ability or health to continue performing their duties on the committee, or if they are convicted of an act that violates honor, trust, or forges or violates regulations in the Kingdom of Saudi Arabia or any other country. The Board of Directors may remove any Committee member according to its discretion. The Board may also issue a decision to exempt the member from committee membership if they fail to fulfill their responsi-

bilities and duties, resulting in harm to the company's interests, or if the member is absent from attending 3 consecutive meetings within 1 year without a valid excuse. This is without prejudice to the removed member's right to demand compensation from the company if the removal occurs for an unacceptable reason or at an inappropriate time. Committee members may also be reappointed at the end of their term of office.

5 If the position of Committee member becomes vacant in one of the above-mentioned or other cases during the term of membership, the Board may appoint a member in the vacant position, provided that the member is one of those who meet the selection rules for committee membership included in these regulations, and the new member completes the term of their predecessor.

6 Committee members must appoint a committee chairman by majority votes, provided to be an independent member of the Board of Directors.

7 The Committee chairman may appoint any of the committee members as his deputy to chair the committee meetings in his absence, and the committee vice-chairman must be a member of the committee.

8 The Committee shall have a secretary appointed by a decision of the Board of Directors.

Article 3: Rules for the selection of Committee Members

Committee members must have knowledge, competence, and experience, in addition to a comprehensive understanding of the qualifications, roles, and responsibilities of Board members and senior executives. They must be able to dedicate the necessary time and effort to perform their duties, have a good understanding of the company's activities and nature of business, and possess the necessary skills and expertise to manage it. They should not have been convicted of any criminal offense related to dishonor, trust, forgery, or violation of regulations and laws in Saudi Arabia or any other country. The selection of candidates should not violate any relevant regulations, laws, or instructions.

Article 4: Remuneration of Committee Members

1 Committee members receive remuneration in accordance with the Remuneration Policy for Board members, sub-committees members and senior executives approved by the General Meeting of the company based on a recommendation by the Board of Directors, and as disclosed in the report of the Board of Directors.

2 Committee members are entitled to attendance allowances in accordance with the Remuneration Policy for members of the Board of Directors, sub-committees and senior executives approved by the General Meeting.

3 Committee members are entitled to be compensated for the costs and expenses of performing their duties.

4 The Board report submitted to the General Meeting will include details of the remuneration and compensation of the Committee members.

Article 5: Committee Powers

1 The Committee has the powers to supervise the nomination process for membership in the Board of Directors, sub-committees, or the executive management of the company (leadership positions), and supervise the implementation of the remuneration plan for members of the Board, sub-committees and senior executives.

2 Oversee management succession plans for Board members and senior executives of the company (leadership positions).

3 Prepare and manage evaluations of the Board, Board members, and sub-committees.

4 The Committee may appoint or terminate the services of any external consultant to assist it in performing its duties, to approve the terms of any such appointment, and to approve the fees of any consultant who provides consulting and support services to the Committee, after the written approval of the Chairman of the Board.

5 The Committee may, in coordination with the Chief Executive Officer, request any other officer or employee of the Company, external consultants or any other person to meet with any member or consultant of the Committee or to provide other assistance to the Committee in the performance of its duties.

Article 6: Committee Tasks and Responsibilities

First: Nominations

1 Suggest clear policies and criteria for membership in the Board of Directors and recommend them to the Board before approval by the Company's Ordinary General Meeting.

2 Review the policies and criteria for membership in the Board of Directors periodically to ensure their suitability for changes that may occur in the relevant laws and regulations, in line with achieving the company's strategic objectives and developing the necessary skills and qualifications to achieve those objectives, and recommending to the Board of Directors any proposed changes to that policy.

3 Recommend to the Board of Directors the nomination for membership in the Board or sub-committees according to the adopted policies and standards.

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

5 Provide advice and consultancy to the Board of Directors regarding the selection of senior executives, who have qualities and qualifications suitable for the company's operations.

6 Review the structure of the Board of Directors and the executive management and make recommendations regarding changes that can be made.

7 Study cases of conflict of interest for those wishing to run for membership of the Board of Directors and making recommendations regarding them.

8 Ensure on an annual basis the independence of the independent members, and the absence of a conflict of interests if the member occupies a membership of the Board of Directors of another company, with an emphasis on the independent members of the Board of Directors to periodically fill out Form (A) attached to this policy.

9 Annual review of the necessary requirements of appropriate skills or experience for membership of the Board of Directors and executive management positions.

10 Develop special procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.

11 Determine the strengths and weaknesses of the Board of Directors, and proposing solutions to address them in line with the interest of the company.

12 The Committee supervises the preparation of an induction program for new members, so that the program covers the company's activity, the nature of business, financial and legal aspects, and management and governance aspects.

13 The Committee recommends and supervises the Board's annual self-evaluation processes to the Board of Directors. This can be done through the Committee or through the assistance of a third party.

14 Prepare criteria for evaluating the CEO and senior executives of the company and inform them, review their compensation and submit proposals in this regard.

15 Develop a performance measurement indicators program and incentive programs and supervise their application.

16 Develop career succession policies and procedures for members of the Board of Directors, members of committees, senior executives of the company, and leadership positions that have technical or technological sensitivity.

Second: Remuneration

1 Develop a clear policy for the remuneration of members of the Board, members of committees emanating from the Board, and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Meeting, provided that those policies follow, disclose and verify performance-related standards.

2 Prepare an annual report on the remuneration granted, clarify the relationship between the remuneration granted and the applicable remuneration policy, and indicating any material deviation from this policy.

3 Periodic review of the remuneration policy and evaluation of effectiveness in achieving the objectives set, and verifying its suitability for changes that may occur in the relevant laws and regulations

4 Recommend to the Board of Directors the remuneration of members of the Board, committees emanating from the Board and senior executives of the company in accordance with the policy approved by the Ordinary General Meeting of the company.

5 Determine and recommend the types of remuneration granted to the company's employees, such as considering the salary scale and granting additional and exceptional benefits and related incentive plans.

Third: Other responsibilities

1 Submit proposals to the Board on the appointment, dismissal or acceptance of the resignation of Chief Executive Officer.

2 Submit proposals to the Board on the appointment, dismissal or acceptance of the resignation of any of the senior executives.

3 Review the minutes of the committee's previous meetings and ensure that there are no outstanding issues.

4 Maintain and manage the committee's agenda with the committee's secretary.

5 Review and reassess the adequacy of these Regulations and recommend any proposed changes to the Board of Directors for approval.

6 The committee may not delegate any of its tasks to an emerging sub-committee.

7 Carry out any other activities consistent with these Regulations, the Company's Articles of Association and prevailing regulations as the Board deems necessary and appropriate.

8 The Committee shall submit the decisions and recommendations it takes to the Board of Directors within a period not exceeding the next meeting of the Board.

9 Committee members must maintain the confidentiality of their work and discussions, and commit to keeping confidential the information and documents provided to them. They should exercise their judgment and diligence in their work in a way that they believe in good faith will serve the interests of the company. It is strictly prohibited to misuse or disclose such information to anyone who is not authorized, for personal gain of the member, any of their relatives or others. The company may demand authorization in case of violation of this Article, and the prohibition also applies to the committee secretary.

Article 7: Responsibilities of Committee Members

1 Compliance with the provisions of the Companies Law, the Capital Market Law, their executive regulations and all related laws, as well as the company's Articles of Association and the company's policies and regulations with regard to the performance of their duties, and refrain from doing any act that may harm the interests of the company.

2 Ensure to attend committee meetings and prepare for them, and dedicate sufficient time to participate in the implementation of the committee's affairs and meetings, and not be absent from them except with objective justifications notified to the committee chairman.

3 Ensure integrity in carrying out the affairs of the committee and its meetings, carry out duties away from any external influence, and not putting personal interests ahead of the interests of the company, and this includes not accepting gifts from anyone who has dealings with the company.

4 Obtain sufficient skills and training necessary to participate in the implementation of the committee's affairs.

5 Participate effectively in discussing the topics on the agenda of the committee meetings in order to issue decisions or recommendations in this regard and to vote on them.

Article 8: Responsibilities of Committee Chairman

1 Oversee the planning and holding of committee meetings, including approving agendas and meeting minutes.

2 Manage committee meetings and work to enhance their effectiveness.

3 Provide the committee with appropriate information from the management to enable it to carry out its responsibilities.

4 Ensure that all items that require the Committee's approval or recommendation to the Board are appropriately scheduled, taking into account the topics that Committee member wishes to include in the agenda.

5 Ensure proper flow of information to the committee and review the adequacy and timeliness of material supporting management proposals.

6 Ensure that the Committee has direct access to the members of the Executive Management as determined by the Board.

7 Prepare reports on the activities of the committee at the request of the Board of Directors, and follow up the implementation of the decisions issued by the committee.

8 Represent the committee before the board of directors.

9 committee chairman or whomever he delegates from among its members must attend the General Meetings to answer shareholders' questions.

Article 9: Responsibilities of Committee Secretary

1 Act as a primary link and source of information and provide advice and guidance to committee members regarding the company's activities in order to support the decision-making process.

2 Monitor the work of the committee closely and ensure that the members of the committee are fully informed of any information taken into account when making decisions.

3 Maintain the committee's work regulations and directing the committee's activities to be carried out in accordance with the work regulations, including advising the committee on making amendments to the work regulations when necessary.

4 Prepare correspondence in order with the Committee Chairman when the need arises, and directing it to the members of the Committee, the members of the Board of Directors, and the

relevant parties, including the correspondence required to schedule or invite the Committee's meetings.

5 Prepare information packages that must be circulated to the members of the committee at its meetings.

6 Assist the committee chairman in setting and preparing the agenda for the committee meetings and circulating them to the committee members well in advance of the dates of those meetings.

7 Attend committee meetings with the aim of preparing meeting minutes, circulating these minutes to all committee members for approval, and then keeping the minutes and maintaining their integrity.

8 Arrange with the parties that the Committee requests to be invited to attend its meetings, and these parties include consultants, legal advisors, or any other party.

9 Coordinate with the concerned departments regarding the committee's decisions that require legal compliance and regulatory procedures.

10 The secretary may not participate in or vote on any of the committee's decisions.

Article 10: Committee Meetings

1 The committee shall meet at least once a year at the invitation of its chairman. Dates may be set for additional meetings as deemed appropriate by the members or the chairman of the committee when necessary.

2 It may also, at the discretion of the Committee, to invite other members of the Board of Directors or employees of the company to attend and participate in the meetings of the Committee, but they shall not have any voting rights.

3 Committee Secretary is responsible for preparing the agendas for the meetings that will be approved by the Committee Chairman. The agendas and materials related to the subject of each meeting should be sent to the Committee members well in advance of the date of each meeting.

4 The minutes of the committee meetings should be documented and signed by the committee members and kept in permanent records with the company.

5 The legal quorum for any meeting of the committee is completed by the presence of the majority of its members, and its decisions are issued by the majority of the votes of those present. When the votes are equal, the quorum with which the chairman of the meeting voted will prevail.

6 No member may authorize any other person or any other member of the Committee to appear on his behalf.

7 Committee meetings are held in person at the company's headquarters, outside, or through modern technology.

8 The Audit Committee approves the decisions it deems or the recommendations it issues through written approval by signing the minutes of those meetings or by passing it among the members.

Article 11: Enforceability

This policy shall enter into force after approval by the Board and approval by the Company's Ordinary General Meeting.