



| Before Amendment | After Amendment |
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| <p style="text-align: center;">Fitaihi Holding Group</p> <p style="text-align: center;">Audit Committee Charter</p> <p style="text-align: center;">December 2017</p> <p style="text-align: center;"><u>Annex (6)</u></p> | <p style="text-align: center;">Fitaihi Holding Group</p> <p style="text-align: center;">Audit Committee Charter</p> <p style="text-align: center;">April 2023</p> <p style="text-align: center;"><u>Annex (6)</u></p> |
| <p>Introduction:</p> <p>One of the major functions of the Board is to ensure an effective internal control system; the main function of the Audit Committee is to verify and effectively implement the internal control system, and to provide the Board with any recommendations that will make the system effective and developed for the purposes of the Company and for the protection of the shareholders' interests with high efficiency and reasonable expenses. The Audit Committee is the focal point between the Board and the Company's accountant. The Committee shall be entitled, without any restrictions, to access all information, data, reports, records, correspondence, or other matters that the Committee deems important to review. The Board shall take all measures that enable the Committee to carry out its assigned functions.</p> | <p>Main Objective and Role:</p> <p>The main objective of the Audit Committee is to ensure that an audit oversight mechanism is in place to support the accuracy and fairness of Fitaihi reports, financial statements and data; ensure integrity and effectiveness of the Company's internal control and risk management systems; ensure the Company's compliance with regulations.</p> <p>The purpose of the Audit Committee Charter is to set out the composition, responsibilities and duties of the Committee and identify the Committee's interaction with the Shareholders, Board of Directors and management in line with the Company's Articles of Association.</p> <p>The Committee is formed by a resolution of the Board of Directors, and assists the Board and management by providing advice and guidance on the adequacy of the organization's initiatives for:</p> <ul style="list-style-type: none">• Main Structure of Governance.• Internal Control Framework.• Oversight of the internal audit activity, external auditors, and other providers of assurances. <p>Generally, the Audit Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.</p> <p>To perform his/her role effectively, each Committee Member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations, and risks. Although the Committee has the power and responsibilities set forth in</p> |



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this Charter, the role of the Committee is oversight. The Members of the Committee are not full-time employees of the Company and all Members may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate or are in accordance with all applicable rules and regulations. These are the responsibilities of executive management and the external auditors. Consistent with these functions, the Committee will encourage the continuous improvement of and foster adherence to the Company's policies, procedures and practices at all levels. In performing its duties, the Committee will maintain effective work relationships with the Board, management, and the internal and external auditors.

I: Formation of Audit Committee

- 1- An Audit Committee shall be formed by a resolution of the Company's **Ordinary General Assembly**, and the Members of the Audit Committee shall be from the shareholders or others, provided that at least one of its Members is an Independent Director and that no Executive Director is among its members, provided that one of its Members is specialized in finance and accounting. The number of its Members shall not be less than 3 and not more than 5.
- 2- The chairman of the Audit Committee shall be an Independent **Director or Non-Executive** Member.
- 3- The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the Audit Committee which shall include the rules and procedures for the activities and duties of the Committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary

I: Formation of the Audit Committee

- 1) An Audit Committee shall be formed by a resolution of the Company's **Board of Directors, for the same term of the Board (even if the Board's term is extended)**, and the Members of the Audit Committee shall be from the shareholders or others, provided that at least one of its Members is an Independent Director and that no Executive Director is among its members, provided that one of its Members is specialized in finance and accounting. The number of its Members shall not be less than 3 and not more than 5.
- 2) The chairman of the Audit Committee shall be an Independent Member. **(For guidance)**
- 3) The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the Audit Committee which shall include the rules and procedures for the activities and duties of the Committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary Members in case a seat in the Committee becomes vacant.
- 4) Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor



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Members in case a seat in the Committee becomes vacant.

- 4- Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a Member of the Audit Committee.
- 5- The Board may exclude any of the Members of the Audit Committee in case that any of violation to the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.

during the preceding two years may not be a Member of the Audit Committee.

- 5) The Board may exclude any of the Members of the Audit Committee in case that any of violation to the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.
- 6) Half of the Audit Committee Members must be independent or do not have any issues affecting their independence. (For guidance)
- 7) The Member of the Audit Committee shall not be a member of audit committees in more than five listed joint-stock Companies in the market at the same time.

II: Tenure and Nomination of the Audit Committee

- 6- The tenure of the Committee shall be three calendar years, starts with the beginning of the Board session and ends at the end of the Company's Board session.
- 7- The Board shall nominate the Members of the Committee to the Shareholders Assembly, and the Board may re-nominate them to the General Assembly of shareholders for other similar tenures.
- 8- The membership tenure shall expire in case of death or sickness invalidity (God forbid).
- 9- The membership of the Audit Committee may be renewed for more than one session of the Board.
- 10- The Board shall remove a Member in the Committee in case that he/ she submits a request to be excluded from membership in the Committee, or the Member misuses his position in the Committee, or if a Committee Member is absent for (3) consecutive meetings without a justifiable excuse for the chairman of the Audit Committee and the Board, or if the Member

II: Tenure and Nomination of the Audit Committee

- 1) The tenure of the Committee shall start with the beginning of the Board session and ends at the end of the Company's Board session.
- 2) The Board of Directors selects the Members of the Audit Committee and may re-appoint them.
- 3) The membership tenure of the Audit Committee shall expire in case of death or sickness invalidity (God forbid).
- 4) The membership of the Audit Committee may be renewed for more than one session of the Board.
- 5) The Board can remove a Member of the Committee in case that he/she submits a request to be excluded from membership of the Committee, or the Member misuses his position in the Committee, or if a Committee Member is absent for (3) consecutive meetings or (5) separate meetings without an accepted excuse for the chairman of the Audit Committee, or if the Member fails to meet any of the conditions that shall be met for membership of the Committee.
- 6) Upon the expiration of member's tenure due to death, resignation, disability or dismissal, the Board shall replace him/her temporarily to fill the vacant seat on the Committee, the Capital Market Authority shall be informed within the statutory



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fails to meet any of the conditions that shall be met for membership of the Committee.

- 11- Upon the expiration of member's tenure due to death, resignation, disability or dismissal, the Board shall replace him/her to fill the vacant seat on the Committee, the Capital Market Authority shall be informed within (5) working days from the date of appointment. The appointment shall be presented to the Ordinary General Assembly at its first meeting and the new Member shall complete tenure of his predecessor.

III: Rules for Selection of Audit Committee Members

- 1- The Member shall be aware of the financial and accounting rules and those who have academic qualification in this field are preferred.
- 2- The Committee Member may not have direct or indirect interest in business and contracts made for the account of the Company.
- 3- Any person who works or has worked in the Company's Finance Department, Executive Management or for the Company's External Auditor during the preceding two years may not be a Member of the Audit Committee.
- 4- The Chairman of Board of Directors cannot be a Committee Member.
- 5- The Chairman of the Committee shall be an independent member. (For Guidance)¹
- 6- Non-Board Members may be appointed whether they are shareholders or others.
- 7- The Executive Board Member may not be a Member in the Audit Committee.

period from the date of appointment. The new Member shall complete the tenure of his/her predecessor unless appointed for a shorter term.

III: Rules for Selection of Audit Committee Members

- 1) The Member shall be aware of the financial and accounting rules and those who have academic qualification in this field are preferred.
- 2) It is preferred that the Committee Member may not have direct or indirect interest in business and contracts made for the account of the Company.
- 3) Any person who works or has worked in the Company's Finance Department, Executive Management or for the Company's External Auditor during the preceding two years may not be a Member of the Audit Committee.
- 4) The Company will not provide a cash loan of any kind to the Members of the Audit Committee, or guarantee any loan contracted by one or more of them with third parties, and any contract concluded in violation of the provisions of these regulations shall be considered void.
- 5) The Chairman of Board of Directors cannot be a Committee Member.
- 6) Non-Board Members may be appointed whether they are shareholders or others.
- 7) The Executive Board Member may not be a Member in the Audit Committee.

¹ **(For Guidance) Articles:** They are not binding on the Company in all cases; except when approved by the Regulatory Authorities. Until then, the Company may or may not apply what is stated in those guiding articles, in whole or in part, and according to what it deems appropriate. The Company may stop applying these guiding articles, if used by it, without any responsibility as long as the Regulatory Authorities do not require the application of those articles.



IV: Competencies, powers and responsibilities of the Audit Committee

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee shall particularly include the following:

A- Financial Reports:

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

- 8) The Members of the Committee shall elect a chairperson among themselves if not selected by the Board of Directors.

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- 5) Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- 6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon
- 7) Paying attention to the extraordinary actions such as accounting reclassification and unusual titles (irregular).
- 8) Reporting its proposals and recommendations to the Board for resolution.
- 9) Ensuring that the Board is aware of all matters that affect substantially the financial matters and administrative affairs.



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- 8- Reporting its proposals and recommendations to the Board for resolution.
- 9- Ensuring that the Board is aware of all matters that affect substantially the financial matters and administrative affairs.
- 10- Examining the accounting policies adopted by Company before being approved and any change in these policies and providing the Committee's recommendations in this regard and considering the appropriateness of accounting policies to the nature of Company business and its effects on the financial position and business results.
- 11- Auditing the annual report prior to its publication and ensuring that that the information is understandable and in conformity with the knowledge of Members about the Company and its activities as well as reviewing any legal issues that affect the financial position of the Company.
- 12- Evaluating the fairness of periodic financial reports and explanations contained therein and seek the advice of the Executive Management, internal auditor and chartered account about,
 - A) If the discrepancies in the financial percentages is inconformity with the changes of the Company's operations and financial practices.
 - B) If the general accepted accounting principles are applied constantly.
 - C) If there any unusual events or procedures.
 - D) If the financial and administrative internal control system effectively meets its objectives.
 - E) If the periodic financial reports contain sufficient and appropriate information for publication.

B) Internal Audit:

- 1- Examining and reviewing the Company's internal and financial control systems and risk management system;
- 2- Analyzing the internal audit reports and following up the implementation of the

- 10) Examining the accounting policies adopted by Company before being approved and any change in these policies and providing the Committee's recommendations in this regard and considering the appropriateness of accounting policies to the nature of Company business and its effects on the financial position and business results.
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 - E) If the periodic financial reports contain sufficient and appropriate information for publication.

B) Internal Audit:

- 1) Examining and reviewing the Company's internal and financial control systems and risk management system;
- 2) Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.



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corrective measures in respect of the remarks made in such reports.

3- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the Committee shall provide a recommendation to the Board on if there is a need to appoint an internal auditor.

- 4- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations
- 5- Inviting the internal auditor to attend meetings of Audit Committee at least one time annually to discuss audit plans and any other matter that Committee considers. It also has the right to invite him/her at any time to discuss any other matters relevant to internal audit.
- 6- Verifying the sufficiency of the control activities in the facility, the efficiency of its design in an appropriate way minimizing and detecting fraud and errors, immediately after they occur, and the effectiveness of the implementation of control activities in a manner allowing verifying of the quality of control activities and consistency of implementation.
- 7- Overseeing investigations related to fraud or errors occurred in the Company or any matters that the Committee deems important for investigation.
- 8- The internal audit department may be taken as a reference for the Audit Committee information in cases of important and unusual embezzlement, in addition to the Company's application of legal aspects.
- 9- Examining the nomination applications for the auditor general post in the Company, remuneration, allowances and other benefits allocated and nomination of the most suitable person with the reasons and consideration of the termination of general

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- 9) Examining the nomination applications for the auditor general post in the Company, remuneration, allowances and other benefits allocated and nomination of the most suitable person with the reasons and consideration of the termination of general auditor service whether due to resignation, disability, or dismissal and present relevant recommendations to the Board.



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auditor service whether due to resignation, disability, or dismissal and present relevant recommendations to the Board.

- 10- The Audit Committee shall prepare a report on its opinion about the adequacy of the internal control system in the Company and the other activities, carried out within its competency. The Board shall submit sufficient copies of this report to the Company headquarter, ten-day prior to the meeting of General Assembly to provide a copy thereof to the interested shareholders. The report shall be read during the General Assembly meeting.

C) External Auditor

- 1- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts
- 2- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards
- 3- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- 4- Responding to queries of the Company's external auditor; and
- 5- Reviewing the external auditor's reports and its remarks on the financial statements, and following up the procedures taken in connection therewith.
- 6- Following up the functions of chartered accounts
- 7- Monitoring the inventories including those made in the Company's branches and projects.
- 8- Holding individual meeting with the chartered accountant to discuss any matters that Committees or auditors consider to be discussed personally.
- 9- Ensuring that the important notices and recommendations submitted by the chartered

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accountant have been received and discussed timely.

- 10- Ensuring the response of the management to the recommendations of chartered accountant.
- 11- The Ordinary General Assembly shall appoint the Company's external auditor based on a nomination of the Board, and taking into account the following:
 - A)- The nomination shall be based on a recommendation from the Audit Committee.
 - B) The external auditor shall be authorized and meet the requirements established by the competent authority.
 - C) The external auditor's interests shall not conflict with the interests of the Company.
 - D) The number of nominees shall not be less than two auditors.

D) Ensuring Compliance

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

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 - B) The external auditor shall be authorized and meet the requirements established by the competent authority.
 - C) The external auditor's interests shall not conflict with the interests of the Company.
 - D) The number of nominees shall not be less than two auditors.

D) Ensuring Compliance

- 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- 2) **Currently, the Audit Committee is concerned with all matters related to the tasks of implementing Corporate Governance regulations and controls.**
- 3) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- 4) Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith;
- 5) Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken;
- 6) **Ensuring that corrective actions are taken or recommended in order to adequately resolve complaints, issues or disputes raised by the Company's stakeholders;**
- 7) **Reviewing any management decisions that require a second opinion from auditors other than the Company's regular external auditors with respect to any significant accounting issue;**
- 8) **Ensuring the Company's management promptly responds to the internal auditors' recommendations within a reasonable time frame;**



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- 9) Reviewing all transactions with related parties and approving any transactions according to the limits of the authority granted to it by the Board; and
- 10) Preparing audit committee report for the shareholders, which shall include details of Committee's performance against the assigned responsibilities and duties, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in Fitaihi.

V: The Qualification Requirements of Chartered Accountants Offices

The Board shall invite chartered accountants that were nominated by the Audit Committee. This invitation should contain the scope of function, conditions and obligations that Company considers necessary to conduct audit process. The Board of directors shall give those accountants the access to the required data and clarifications aims at identifying the volume and nature of Company's activities. Each accountant shall provide presentation of audit process and brief on its office, including in particular the following:

- A)- The educational and professional qualification of the team work members, their names and nationality who will conduct audit process.
 - B)- A clarification of work quality at his office.
 - C)- Entities that would be hired for auditing purpose (if any) and the aspects in which they will participate and the nature of their participation, qualifications, experiences of individuals that will be appointed in this regard.
 - D)- Previous experience of the office in auditing similar companies.
 - E) Size and statement of the office branches and technical employees' number that work at the office.
 - F)- Number of hours scheduled for each Member of team work (partner, director, audit etc...)
 - g) The kinship between the chartered accountant or the team work that will perform the audit process and the Board Members (if any). The business relationship between the chartered accountant and the Company or any Member of its Board Members (if any).
 - H) Expected date of preparing his report on the financial statements of the Company.
- Auditing fees.

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General Conditions:

- 1- Permit to work in the Kingdom of Saudi Arabia with the Saudi joint-stock companies.
- 2- Experience in auditing joint stock or limited liability companies not less than (10) years.
- 3- The existence of a specialized department in the review of computer systems and information systems or a specialized office in this field would be hired.
- 4- Auditing a number of joint stock companies and limited liability companies during the past three years, with a capital of not less than (100) million SAR and it shall include companies operating in the field of retail trade.

Quality Control

- Business review by another partner that has no direct relationship to the audit process.
- Audit of the business and services that the office performs every three years by a global accounting office.
- Saudi Organization for Certified Public Accountants shall review the office and obtain a satisfactory result.

Kinship:

The owner, partners, or any Member of the audit team should not have any direct or indirect kinship with Board Members or Executive Management Members under an acknowledgement submitted upon qualification.

Notice: The office may be excluded from tender in the event that office fails to fulfil one of the conditions mentioned above, and may be exempted from any of the above mentioned conditions.

General Conditions:

- Permit to work in the Kingdom of Saudi Arabia.
- A long experience in auditing joint stock or limited liability companies.

Quality Control

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Duties of the External Auditor

- 1- Owe the duties of loyalty and care to the Company.
- 2- Notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises; and
- 3- Request the Board to call for a General Assembly meeting if the Board has not facilitated his mission, and shall be liable to compensate the Company, the shareholders or third parties for the damages resulted from errors it commits in the course of its engagement. If an error is attributable to more than one external auditor, they shall be jointly responsible therefor.

External Auditor's Bid Analysis:

- 1- The Company management shall prepare a comparative table of the bids submitted by the certified accountants in accordance with the data referred to in Article 12, and submit it to the Audit Committee, accompanied by the bids and data submitted by the certified accountants.
- 2- The Committee shall study the comparative table, bids and attached data, it shall invite the audit team each office separately for a meeting to discuss the bid submitted by it in light of the above-mentioned conditions.
- 3- The Committee shall develop a memo to be presented to the Board, stating a summary of its analysis of the submitted bids and nominating one or more certified accountants to audit the Company accounts and indicate the basis on which the nomination was made.
- 4- The Members of Audit Committee may exclude one or some of the above-mentioned conditions when selecting audit offer, when it relates to expertise, high quality of the audit office or appropriate price for example.

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- 2) Notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises; and
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- 2) The Committee shall study the comparative table, bids and attached data, it shall invite the audit team each office separately for a meeting to discuss the bid submitted by it in light of the above-mentioned conditions.
- 3) The Committee shall develop a memo to be presented to the Board, stating a summary of its analysis of the submitted bids and nominating one or more certified accountants to audit the Company accounts and indicate the basis on which the nomination was made.
- 4) The Members of Audit Committee may exclude one or some of the above-mentioned conditions when selecting audit offer, when it relates to expertise, high quality of the audit office or appropriate price for example.
- 5) The Board shall present to the General Assembly the recommendation submitted by the Audit Committee indicating the chartered accountant names who submitted their bids and then their



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5- The Board shall present to the General Assembly the recommendation submitted by the Audit Committee indicating the chartered accountant names who submitted their bids and then their nomination by the Audit Committee to audit the Company accounts and the auditing fees as well as the basis on which the nomination was made. Moreover, the General Assembly shall appoint one or more chartered accountants to audit the accounts of the Company and determine their remuneration and the duration of their work.

Audit Period:

The audit period should not exceed five continuous years, and a period of two fiscal years should elapse before returning of the same audit office to audit the Company accounts. Audit period shall be calculated from the financial statements of the second quarter to the financial statements of the first quarter of the following fiscal year.

VI: Audit Committee Regulations

- 1- The Committee shall select from a chairman among its members; besides it may select Secretary among its Members or others to prepare its meetings minutes and takes over the administrative issues of the Committee.
- 2- The Committee shall convene upon an invitation from its Chairman. The Committee Member may not be represented by other Member in attending these meetings.
- 3- The Committee deliberations and resolutions shall be recorded in the minutes signed by the Committee's Chairman and Secretary. The Committee Member shall be considered resigned if the Member fails to attend Committee meetings, without acceptable excuse, for more than three consecutive meetings.

nomination by the Audit Committee to audit the Company accounts and the auditing fees as well as the basis on which the nomination was made. Moreover, the General Assembly shall appoint one or more chartered accountants to audit the accounts of the Company and determine their remuneration and the duration of their work.

Audit Period:

As per the statutory regulations in this regard.

VI: Audit Committee Regulations

- 1- The Committee shall select from a chairman among its members; besides it may select Secretary among its Members or others to prepare its meetings minutes and takes over the administrative issues of the Committee.
- 2- The Committee shall convene upon an invitation from its Chairman, who presides over all the committee meetings when he is present. If the committee chairman is absent, he/she can delegate one of the committee Members to chair the meeting, or the attending Members may elect a temporary Chairman among themselves during the meeting.
- 3- A committee Member may delegate another Member to attend these meetings. The Committee deliberations and resolutions shall be recorded in the minutes signed by the Committee's Chairman and Secretary. The Committee Member shall be considered resigned if the Member fails to attend Committee meetings, without acceptable excuse, for more than (3) consecutive or (5) separate meetings.



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- 4- The quorum of Audit Committee shall be constituted at its meeting by the presence of the majority of its Members and its resolutions shall be adopted by majority vote of the Members present. In the event of a tie, the chairman will cast the deciding vote.
- 5- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that Company performs, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.
- 6- The Committee Member shall comply with the Board Member obligations and maintain the Company's secrets. The Committee Members may not disclose any information acquired due to their work to shareholders or other, otherwise they are dismissed and claimed to pay compensation.

VII: Duties of Member of Audit Committee

- 1- Regularly attending and participating in the Committee meetings. The Member who has circumstance requires his absence from Committee meetings, shall notify the Committee chairman in writing. The Member may not leave the meeting permanently prior the conclusion of session without permission from the Chairman of the Committee.
- 2- Maintain the Company's secrets, the Committee Members may not disclose any information acquired due to his work to shareholders or other, otherwise he shall be replaced and claim he compensation for the caused damage.
- 3- The Committee Member shall not perform any executive work in the Company.
- 4- The Committee Member shall maintain the necessary efficiency for performing the assigned works and keeping up with the new developments relevant to the entity works.
- 5- The Committee Member shall be characterized by fairness, and demonstrate integrity, chaste, honesty, objectivity and independence in performing his duties. The Member shall also strip all personal interests and his judgement shall not

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- 5- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.
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be subject to the views of others, and not reveal untrue information.

- 6- The member, shall not knowingly participate in any business or activities deemed to be detrimental to dignity of the profession or entity to which he belongs.
- 7- The Committee Member shall refrain from engagement in any activity that may conflict with the interest of the establishment or may affect his ability to carry out his duties and responsibilities objectively.
- 8- The Committee Member shall not accept any gift from employee, agent, client, supplier or those who have a business relationship with the establishment that may lead to a weakening of his independence in form and in substance, or cancel or is assumed to cancel his decisions.
- 9- The Committee Member shall disclose to the Board any transactions made between him and the Company and the nature of this relationship as required by the transactions rules with relevant parties. The Member shall disclose the relationship between him and the Board of directors and the executive directors in the Company.

VIII: Remuneration and Allowances of Audit Committee Members Attendance

- 1- Each **independent** Member of the Audit Committee shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed indemnities.
- 2- The attendance allowance of Audit Committee meeting amounted (1500 SAR) for each session (as approved in the Shareholders' Assembly dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members in this capacity, and a certain amount for each hour of the hours the Member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred for business related to carrying out his business duties.
- 3- The Board report should clarify to the General Assembly the remunerations and other benefits that were paid to the Board Members.

the views of others, and not reveal untrue information.

- 6) The member, shall not knowingly participate in any business or activities deemed to be detrimental to dignity of the profession or entity to which he belongs.
- 7) The Committee Member shall refrain from engagement in any activity that may conflict with the interest of the establishment or may affect his ability to carry out his duties and responsibilities objectively.
- 8) The Committee Member shall not accept any gift from employee, agent, client, supplier or those who have a business relationship with the establishment that may lead to a weakening of his independence in form and in substance, or cancel or is assumed to cancel his decisions.
- 9) The Committee Member shall disclose to the Board any transactions made between him and the Company and the nature of this relationship as required by the transactions rules with relevant parties. The Member shall disclose the relationship between him and the Board of directors and the executive directors in the Company.

VIII: Remuneration and Allowances of Audit Committee Members Attendance

- 1) Each **external** Member of the Audit Committee - non Board Member- shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed indemnities.
- 2) The attendance allowance of Audit Committee meeting amounted (1500 SAR) for each session (as approved in the Shareholders' Assembly dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members in this capacity, and a certain amount for each hour of the hours the Member shall spend outside Committee meetings for business related to the Committee's business, and indemnify for actual expenses incurred for business related to carrying out his business duties.
- 3) The Board report should clarify to the General Assembly the remunerations and other benefits that were paid to the Board Members.



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- 4- If the Committee Member or the Committee Secretary is an employee of the Company or someone who receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending Committee meetings referred to above.
- 5- A Board Member may obtain remuneration for his membership in the Audit Committee **which formed by General Assembly**, or for any additional business, executive, technical, managerial or consultative positions -under professional license- assigned to him by the Company. In addition to the remuneration that he may receive in his capacity as a Member in the Board or the Committees formed by the Board, in accordance with the Companies Law and the Company's Articles of Association. In other words, the total remunerations that Board Member shall obtain in return for his membership in the Audit Committee formed by the General Assembly or for any additional business or executive, technical, administrative, or advisory positions- under a professional license - business or assigned to him at the Company shall not be listed within the scope of the upper limit of **remuneration stipulated in paragraph (3) of Article 76 of the Companies Law**.
- 6- All the above-mentioned remunerations, allowances and annual bonus can be disbursed at **the end of each financial quarter of the Company**.

IX: Competencies of the Committee Chairman, Deputy and Secretary

- 1- The Committee Members shall elect chairman among them for a membership term, and the Committee chairman shall supervise the accomplishment of tasks of Committee and he, has in particular the following:
- Calling the Committee to convene and determining the time, date and place of each Committee meeting and the agenda, in coordination with the Committee members.
 - Chairing the Committee meetings.

- 4) If the Committee Member or the Committee Secretary is an employee of the Company or someone who receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending Committee meetings referred to above.
- 5) A Board Member may obtain remuneration for his membership in the Audit Committee or for any additional business, executive, technical, managerial or consultative positions -under professional license- assigned to him by the Company. In addition to the remuneration that he may receive in his capacity as a Member in the Board or the Committees formed by the Board, in accordance with the Companies Law and the Company's Articles of Association. In other words, the total remunerations that Board Member shall obtain in return for his membership in the Audit Committee formed by the General Assembly or for any additional business or executive, technical, administrative, or advisory positions- under a professional license - business or assigned to him at the Company shall not be listed within the scope of the upper limit of **remunerations (if there is a limit)**.
- 6) **All the above-mentioned remunerations and allowances can be disbursed on a quarterly, semi-annual or annual basis, or in any other way appropriate to the Company's circumstances.**

IX: Competencies of the Committee Chairman, Deputy and Secretary

- 1- **If the Board did not appoint or determine the chairperson of the Audit Committee**, the Committee Members shall elect chairman among them for a membership term, and the Committee chairman shall supervise the accomplishment of tasks of Committee and he, has in particular the following:
- Calling the Committee to convene and determining the time, date and place of each Committee meeting



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| <ul style="list-style-type: none">- Submitting the Committee's outcomes and recommendations to the Board.- Preparing periodical reports about the Committee activities in coordinating with the Committee Secretary and presenting it to the Committee in preparation for submitting it to the Board, after being adopted by the Committee.- Representing the Committee before the Board and any other entity. <p>2- The Committee Members may elect a chairman deputy among them for the Committee membership term. He shall assist the chairman in carrying out his duties and act on his behalf while being absent.</p> <p>3- The Committee Secretary, who is appointed by the Committee and whose fees is determined, shall attend the Committee's meetings without having the right to vote. He shall prepare the meeting minutes, inform Members of the meeting dates and the agenda, and perform all the administrative work of the Committee. In selecting the Committee's Secretary, he shall have the scientific qualification and practical experience to be able to carry out the assigned duties. The Committee Secretary shall maintain the Company's secrets and refrain from practicing any activity that might be in conflict the Company's interest.</p> | <p>and the agenda, in coordination with the Committee members.</p> <ul style="list-style-type: none">- Chairing the Committee meetings.- Submitting the Committee's outcomes and recommendations to the Board.- Preparing periodical reports about the Committee activities in coordinating with the Committee Secretary and presenting it to the Committee in preparation for submitting it to the Board, after being adopted by the Committee.- Representing the Committee before the Board and any other entity. <p>2- The Committee Members may elect a chairman deputy among them for the Committee membership term. He shall assist the chairman in carrying out his duties and act on his behalf while being absent.</p> <p>3- The Committee's Secretary, who is appointed by the Committee or the Board which determines his/her fees, shall attend the Committee's meetings without having the right to vote (as long as he is not a Member of the committee). He shall prepare the meeting minutes, inform Members of the meeting dates and the agenda, and perform all the administrative work of the Committee. In selecting the Committee's Secretary, he/she shall have the scientific qualification and practical experience to be able to carry out the assigned duties. The Committee Secretary shall maintain the Company's secrets and refrain from practicing any activity that might be in conflict the Company's interest.</p> |
| <p>X: Audit Committee Meetings</p> <p>1- The Committee shall adopt an initial schedule of its meetings before the beginning of each year, provided that an agreement is reached during each meeting on the date of the next meeting.</p> <p>2- The Committee shall hold a periodical meeting at least every 3 months and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its members.</p> | <p>X: Audit Committee Meetings</p> <p>1) The Committee shall adopt an initial schedule of its meetings before the beginning of each year.</p> <p>2) The committee meets periodically, at least quarterly, provided that its meetings are not less than four during the Company's financial year, and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its members.</p> |



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- 3- In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee of its Members or by two members, chartered accountant, internal auditor, or Board of directors.
- 4- The Committee shall meet, at least once a year, with the Company's chartered accountant and internal auditor, if any.
- 5- The Committee decisions and recommendations shall be issued by a majority of the votes of its Members present and, in case of a tie, the chairman of the relevant Committee shall have the casting vote, and it is not permissible to refrain from voting or being deputed.
- 6- Any Member may express his reservation to any decision made by the Committee, provided that he shall indicate the main reasons for his reservation. If any Member leaves the Committee meeting before its conclusion, his reservation - if any - shall be limited to decisions related to the discussed items in his presence, provided that he shall state in the minutes the items that he did not attend its discussion if he expressed his desire in writing.
- 7- The internal auditor and auditor may call for a meeting with the Audit Committee at any time as may be necessary

XI: Documentation of the Audit Committee Meeting Minutes

The Committee meeting minutes shall be documented as follows:

- A)- During the meeting, the Committee Secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of discussion.
- B)- For each meeting, the Committee Secretary shall write down a draft minute in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions issued by the Committee, and it shall be referred to the Committee chairman for approval.
- C)- The draft shall be sent to all the Members and they shall be asked to send their notes within a week from the delivery date.
- D)- The draft minutes shall be edited in light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.

- 3) In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee of its Members or by two members, chartered accountant, internal auditor, or Board of directors.
- 4) The Committee shall meet periodically with the Company's external auditor and the internal auditor.
- 5) The Committee decisions and recommendations shall be issued by a majority of the votes of its Members present and, in case of a tie, the chairman of the relevant Committee shall have the casting vote, and it is not permissible to refrain from voting.
- 6) Any Member may express his reservation to any decision made by the Committee, provided that he shall indicate the main reasons for his reservation. If any Member leaves the Committee meeting before its conclusion, his reservation - if any - shall be limited to decisions related to the discussed items in his presence, provided that he shall state in the minutes the items that he did not attend its discussion if he expressed his desire in writing.
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- C)- The draft shall be sent to all the Members and they shall be asked to send their notes within two working days from the delivery date.
- D)- The draft minutes shall be edited in light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.



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- E)- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and presented to the members, signed by the Committee Secretary and Chairman.
- F)- If any significant notes would be mentioned by the members, they shall be included in the next meeting agenda.
- G)- The signed version shall be preserved in a special file accompanied by documents and correspondence related to the minutes.

XII: Action Plan and Reports of Audit Committee:

- 1- The Committee shall submit periodical reports to the Board and an annual report to the Company General Assembly including achieved businesses and results, material deviations, errors, or weaknesses in the design or implementation of the Company's internal control system. The report shall include the Committee's recommendations to address deficiencies in order to develop and put the Company's internal control system in effect.
- 2- The Committee shall exercise due diligence when preparing its reports, of the possibility of intentional irregular acts, or the existence of fraud or errors in the financial reports prepared by the Company. In addition, the Committee shall be alert to the opportunities or situations that may allow these operations to occur. For example, skipping the supervisory procedures, submitting unexplained exceptions to an individual or entity and occurring of unusual losses. In such cases, the Committee shall seek the assistance of a legal counsel or other consultant to examine the case and provide relevant proposals.
- 3- The Audit Committee report shall contain the details of its competency and functions stipulated in the Companies Law and its Implementing Regulations, provided that it should include its recommendations and opinion on the adequacy of the Company's financial and internal control and risk management systems.
- 4- The Board shall provide sufficient copies of the Audit Committee report in the Company's headquarters and publish such copies on Tadawul website when publishing the invitation to hold the

- E)- In the light of the chairman's directions, a final version of minutes of meeting shall be prepared and presented to the members, signed by the Committee Secretary and Chairman.
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General Assembly, to enable any shareholder to obtain a copy thereof. The report summary shall be read during the General Assembly discussing the **budget**.

XIII: Audit Committee Powers

In order to perform its duties, the Board has authorized the Committee to the following:

- 1- Obtaining information they need from:
 - a. Company employees (All Company employees should cooperate and provide the Committee with any required information).
 - b. Internal or external legal and professional advisors.
 - c. Any third party.
- 2- Inviting the specialized employees of the Company to attend the Committee meetings, for discussions, if necessary.
- 3- Seek the assistance of specialized consultants and experts to help assess the presented studies and plans.
- 4- The Audit Committee shall be responsible for monitoring the Company's business. For this purpose, it has the right to audit its records and documents, and to request any clarification or statement from the Board Members or the Executive Management.
- 5- The Committee may ask the Board to convene a General Assembly meeting, if the Board hindered its business or the Company witnessed damages or heavy losses.

XIV: Conflict between the Board and the Audit Committee

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

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 - Company employees (All Company employees should cooperate and provide the Committee with any required information).
 - Internal or external legal and professional advisors.
 - Any third party.
- 2) Inviting the specialized employees of the Company to attend the Committee meetings, for discussions, if necessary.
- 3) Seek the assistance of specialized consultants and experts to help assess the presented studies and plans, **and agree on the required fees**.
- 4) The Audit Committee shall be responsible for monitoring the Company's business. For this purpose, it has the right to audit its records and documents, and to request any clarification or statement from the Board Members or the Executive Management.
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XV: Arrangements for Providing Remarks

- 1- The Secretary Committee shall confidentially receive any remarks by the Company employees in respect of any misstatements in the financial reports, etc.
- 2- The Secretary shall send these remarks to the Audit Committee Chairman via e-mail and ensure that they are received by him/her via a phone call or personal meeting during a work day.
- 3- The Committee chairman shall evaluate and present such remarks to the Committee Members at the next first meeting or promptly send them to the rest of the Committee members, according to the importance and significant of these remarks.
- 4- The Committee shall accurately study such remarks and independently investigate, if it is necessary, in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

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- 3) The Committee chairman shall evaluate and present such remarks to the Committee Members at the next first meeting or promptly send them to the rest of the Committee members, according to the importance and significant of these remarks.
- 4) The Committee shall accurately study such remarks and independently investigate, if it is necessary, in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

XVI: Update & Amendment

- 1- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the



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rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

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Before Amendment

After Amendment

Chapter 3: Nomination and Remuneration Committee Charter

December 2017

Annex (7)

I: Formation of Nomination and Remuneration Committee

- 1- The Company's Board shall, by resolution thereof, form a Committee to be named the "Nomination and Remuneration Committee." Members of the Committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.
- 2- The Company's General Assembly, as per the Board recommendation, issues a regulation for the Nomination and Remuneration Committee including its procedures, duties and rules for selecting its Members, the tenure of their Membership and their remunerations.
- 3- The Board may exclude any of the Members of the Nomination and Remuneration Committee in case that any of violation to the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.
- 4- Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a Member of the Nomination and Remuneration Committee.

Chapter 3: Nomination and Remuneration Committee Charter

April 2023

Annex (7)

I: Formation of the Nomination and Remuneration Committee

- 1- The Company's Board shall, by resolution thereof, form a Committee to be named the "Nomination and Remuneration Committee." Members of the Committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.
- 2- The Company's General Assembly, as per the Board recommendation, issues a regulation for the Nomination and Remuneration Committee including its procedures, duties and rules for selecting its Members, the tenure of their Membership and their remunerations.
- 3- The Board may exclude any of the Members of the Nomination and Remuneration Committee in case that any of violation to the provisions contained in these regulations, or for any other reasons that the Board deems appropriate. The Committee Member has the right to resign, provided that this is at an appropriate time acceptable to the Board, otherwise he/she shall be liable before the Company.
- 4- The chairman of the Committee shall be an independent Member of the Board.



II: Tenure and Nomination of the Nomination and Remuneration Committee

- 1- The tenure of the Committee shall be 3 Gregorian years, effective from the beginning of the Board session and ends at the end of the Company's Board session.
- 2- The Board shall select the Committee Members and the Board may re-nominate them to the Committee Membership for other similar terms.
- 3- Membership shall expire in case of death or sickness invalidity (God forbid).
- 4- The Board shall exempt a Member from the Committee's Membership in case that he submits a request to be exempted from Membership in the Committee, or the Member misuses his position in the Committee, or if a Committee Member is absent for (3) consecutive meetings without an acceptable excuse for the chairman of the Nomination and Remuneration Committee and the Board, or if the Member fails to meet any of the conditions that shall be met for Membership of the Committee.
- 5- Upon the expiration of Member's tenure during the term of Committee due to death, resignation, disability or dismissal, the Board shall appoint Member to fill the vacant seat on the Committee, the Capital Market Authority shall be informed within (5) working days from the date of appointment, and the appointment shall be presented to the Ordinary General Assembly at its first meeting and the new Member shall complete the tenure of his predecessor.

III: Rules for Selection of Members of Nomination and Remuneration Committee

- 1- The Committee shall not be formed of Executive Board Members and non-Board Members may be appointed whether they are shareholders or others.

II: Tenure of the Nomination and Remuneration Committee and Nomination of its Members

- 1- The Committee's tenure shall start at the beginning of the Board session until the end of the Company's Board tenure. The number of the Members of the Committee shall not be less than three and not more than five.
- 2- The Board shall select the Committee Members and the Board may re-nominate them to the Committee Membership for other similar terms.
- 3- Membership shall expire in case of death or sickness invalidity (God forbid).
- 4- The Board can exempt a Member from the Committee's Membership in case that he submits a request to be exempted from Membership in the Committee, or the Member misuses his position in the Committee, or if a Committee Member is absent for (3) consecutive meetings or (5) separate meetings without an acceptable excuse for the chairman of the Nomination and Remuneration Committee and the Board, or if the Member fails to meet any of the conditions that shall be met for Membership of the Committee.
- 5- Upon the expiration of Member's tenure during the term of Committee due to death, resignation, disability or dismissal, the Board shall appoint Member to fill the vacant seat on the Committee, the Capital Market Authority shall be informed within the statutory period from the date of appointment, and the appointment shall be presented to the Ordinary General Assembly at its first meeting and the new Member shall complete the tenure of his predecessor.

III: Rules for Selection of Members of Nomination and Remuneration Committee

- 1- The Committee shall not be formed of Executive Board Members and non-Board Members may be appointed whether they are shareholders or others.



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- 2- The Chairman of the Nomination and Remuneration Committee shall be an Independent or non-executive Member.
- 3- It is preferred that the Member has an appropriate academic qualification, generally, in the field of administration.
- 4- The Committee Member may not have direct or indirect interest in business and contracts made for the account of the Company.
- 5- Any person who works or has worked at the Company's Finance Department, Executive Management or with Company's external auditor during the preceding two years may not be a Member of the Nomination and Remuneration Committee.
- 6- The Executive Board Member may not be a Member in the Nomination and Remuneration Committee.

IV: Competencies, powers and responsibilities of the Nomination and Remuneration Committee

- 1- Preparing a clear policy for the remunerations of the Board Members and the emanating Committees of the Board and Executive Management, reporting such policy to the Board in preparation for approval by the General Assembly, provided that such policy shall be in consistent with the standards linked to performance, disclosing and ensuring the implementation of such policy;
- 2- Clarifying the relation between the granted remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- 3- Periodically reviewing and assessing the effectiveness of the remuneration policy in order to meet its objectives.
- 4- Providing recommendations to the Board in respect of the remunerations of its Members, the emanating Committees and Senior Executives, **except for the Audit Committee**, in accordance with the approved policy.
- 5- Proposing clear policies and standards for the Board and Executive Management Membership.

- 2- The Chairman of the Nomination and Remuneration Committee shall be an Independent or non-executive Member.
- 3- It is advisable that the Member has an appropriate academic qualification, generally, in the field of administration.
- 4- **It is advisable that** a Committee Member may not have direct or indirect interest in business and contracts made for the account of the Company.
- 5- The Executive Board Member may not be a Member in the Nomination and Remuneration Committee.
- 6- **The Chairman of the Board can be a Member of this Committee but not its head.**

IV: Competencies, powers and responsibilities of the Nomination and Remuneration Committee

- 1- Preparing a clear policy for the remunerations of the Board Members and the emanating Committees of the Board and Executive Management, reporting such policy to the Board in preparation for approval by the General Assembly, provided that such policy shall be in consistent with the standards linked to performance, disclosing and ensuring the implementation of such policy.
- 2- Clarifying the relation between the granted remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- 3- Periodically reviewing and assessing the effectiveness of the remuneration policy in order to meet its objectives.
- 4- Providing recommendations to the Board in respect of the remunerations of its Members, the emanating Committees and Senior Executives in accordance with the approved policy.
- 5- Proposing clear policies and standards for the Board and Executive Management Membership.



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| <p>6- Providing nomination or re-nomination recommendation of its Members to the Board, in accordance with adopted policies and standards, taking into consideration not to nominate whomsoever convicted of a crime involving breach of trust.</p> <p>7- Preparing a description of the required capabilities and qualifications to hold the Board Membership and Executive Management positions.</p> <p>8- Determining the time needed to be allocated by the Member to the Board businesses, whereby it is necessary to follow-up his responsibilities and functions assigned by the Board and Committees until they are fulfilled.</p> <p>9- Providing an annual audit of the required requirements for adequate Board Membership and Executive Management positions competences.</p> <p>10- Reviewing the structure of the Board and Executive Management and referring recommendations regarding the proposed changes.</p> <p>11- Annually verifying the independence of Members, and ensuring that no conflict of interest is detected if the Member hold another Board Membership.</p> <p>12- Developing job descriptions for Executive Members, non-Executive Members, independent Members and Senior Executives.</p> <p>13- Developing special procedures in case the position of a Board Member or a Senior Executive has become vacant.</p> <p>14- Identifying weaknesses and strengths in the Board, and proposing relevant solutions in line with the Company's interest.</p> <p>15- Assessing the Senior Executives and CEO performance in the Company, in accordance with the Company HR Department reports.</p> <p>16- Conducting final interviews to adopt appointing the Senior Executives.</p> <p>17- Informing the CEO and Members of the Board Members, particularly non-executive Members of the Board, with the shareholders' proposals and received remarks on the performance of the Company.</p> <p>18- The Nomination and Remuneration Committee pays great attention to all implementation</p> | <p>6- Providing nomination or re-nomination recommendation of its Members to the Board, in accordance with adopted policies and standards, taking into consideration not to nominate whomsoever convicted of a crime involving breach of trust.</p> <p>7- Preparing a description of the required capabilities and qualifications to hold the Board Membership and Executive Management positions.</p> <p>8- Determining the time needed to be allocated by the Member to the Board businesses, whereby it is necessary to follow-up his responsibilities and functions assigned by the Board and Committees until they are fulfilled.</p> <p>9- Providing an annual audit of the required requirements for adequate Board Membership and Executive Management positions competences.</p> <p>10- Reviewing the structure of the Board and Executive Management and referring recommendations regarding the proposed changes.</p> <p>11- Annually verifying the independence of Members, and ensuring that no conflict of interest is detected if the Member hold another Board Membership.</p> <p>12- Developing job descriptions for Executive Members, non-Executive Members, independent Members and Senior Executives.</p> <p>13- Developing special procedures in case the position of a Board Member or a Senior Executive has become vacant.</p> <p>14- Identifying weaknesses and strengths in the Board, and proposing relevant solutions in line with the Company's interest.</p> <p>15- Assessing the Senior Executives and CEO performance in the Company, in accordance with the Company HR Department reports.</p> <p>16- Conducting final interviews to adopt appointing the Senior Executives.</p> <p>17- Informing the CEO and Members of the Board Members, particularly non-executive Members of the Board, with the shareholders' proposals and received remarks on the performance of the Company.</p> |
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functions related to the Governance Regulations and Rules. The Committee should follow up any subjects related to implementing such regulations and providing the Board at least annually with its reports and recommendations. Among the main functions of the Governance Committee, or any administration/ Committee in lieu, is as follows:

- a) Verifying that the Company is in compliance with the Corporate Governance Regulations issued by the Capital Market Authority and the Governance Regulation of the Company.
- b) Reviewing and updating the rules pursuant to the statutory requirements and best practices.
- c) Reviewing and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements in accordance with best practices.
- d) Regularly informing the Board Members of the developments in corporate governance and best practices, or authorize the audit Committee or any other Committee or department to undertake this task.

V: Rules for Nomination and Remuneration Committee

- 1- The Board shall elect a Committee Chairman from among its Members and it is allowed to elect a Secretary among its Members or others to prepare minutes of meeting and assume the Committee administrative business.
- 2- The Committee shall convene upon an invitation from its Chairman. **The Committee Member may not be represented by another Member in these meetings.** The Committee deliberations and decisions shall be recorded in the minutes signed by the Committee's Chairman and Secretary. The Committee Member shall be considered resigned if the Member fails to attend Committee meetings, without justifiable excuses, for more than three consecutive meetings.
- 3- Nomination and Remuneration Committee meetings shall be valid, when the majority of its Members shall present. Resolutions of the Committees shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant meeting shall have the casting vote.

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- 4- A Committee Member may not engage in any activities that may lead to competition with the Company or competition in any of its activities, otherwise the Company has the right to demand for compensation, and consider this business as operated for the benefit of the Company.
- 5- The Committee Member and the Board Member should preserve the Company's confidential information. The Committee Member shall not disclose or announce any secrets he/she came across through his/her work to any shareholder of the Company or to a third party. **If this happened, the Member shall be dismissed and, claimed for compensations for the damages resulted.**

VI: Duties of Nomination and Remuneration Committee Member

- 1- Regularly attending the Committee sessions and effectively participate in the assigned business. An unexpected absence of a Member from one of the Committee's sessions should be notified to the Committee's chairman in writing. A Member may not leave the session before its end unless permitted by the Committee's Chairman.
- 2- Maintaining the Company's secrets, and it is not permissible for a Committee Member, in sessions other than those related to the General-Assembly, to disclose to the shareholders or others what he/she comes across **during work performance, otherwise he should be replaced and claimed for compensation for the damages resulted.**
- 3- Preserving the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's business.
- 4- Being fair, honest, sincere, objective, independent, dissociated, unbiased and not to deliberately disclose false information.
- 5- **The Committee Member shall abstain from practicing any activity that could jeopardize the Company's interest or his ability to carry out his/her duties and responsibilities subjectively.**
- 6- The Committee Member shall not accept any gift from employee, agent, client, supplier or those who have a business relationship with the establishment that may lead to a weakening of his independence in form and

- 4- **It is advisable that** a Committee Member may not engage in any activities that may lead to competition with the Company or competition in any of its activities, otherwise the Company has the right to demand for compensation, and consider this business as operated for the benefit of the Company.
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- 3- Preserving the necessary competency to conduct the works entrusted to him, and keep up with developments related to the Company's business.
- 4- Being fair, honest, sincere, objective, independent, dissociated, unbiased and not to deliberately disclose false information.
- 5- **The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.**



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in substance, or cancel or is assumed to cancel his decisions.

- 7- The Committee Member shall disclose to the Board any transactions made between him and the Company and the nature of this relationship as required by the transactions rules with relevant parties. The Member shall disclose the relationship between him/her and the Board of Directors and the Executive directors in the Company.

VII: Remuneration and Allowances of Nomination and Remuneration Committee

- 1- The attendance allowance of the Nomination and Remuneration Committee meeting is amounting to (SAR 1500) for each session (as approved in the Shareholders' Assembly meeting dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members, and a specific amount for each hour spent by the Member outside the Committee meetings for relevant business, and an indemnity for actual expenses incurred for business related to carrying out his duties.
- 2- The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the Committee Members.

VIII: Competencies of the Committee Chairman, Deputy and Secretary

- 1- The Board shall select a Committee Chairman among its Members for the Committee Membership tenure and the Committee chairman shall supervise the achieved tasks of the Committee, in particular he/she shall carry out the following duties:
- Inviting the Committee to convene a meeting as well as determining the time, date, place and agenda of

- 6- The Committee Member shall not accept any gift from employee, agent, client, supplier or those who have a business relationship with the establishment that may lead to a weakening of his independence in form and in substance, or cancel or is assumed to cancel his decisions.

- 7- The Committee Member shall disclose to the Board any transactions made between him and the Company and the nature of this relationship as required by the transactions rules with relevant parties. The Member shall disclose the relationship between him/her and the Board of Directors and the Executive directors in the Company.

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each Committee meeting, in coordination with the Committee Members.

- Chairing the Committee meetings.
- Submitting the Committee's outcomes and recommendations to the Board.
- Representing the Committee before the Board and any other entity.

2- The Committee Members may select a chairman deputy among them for the Committee Membership tenure. He shall assist the chairman in carrying out his duties and act on his behalf while being absent.

3- The Committee's Secretary, who is appointed by the Committee and whose fees is determined, shall attend the Committee's meetings without having the right to vote. He shall prepare the meeting minutes, inform Members of the meeting dates and the agenda, and perform all the administrative work of the Committee. Upon the selection of the Committee's Secretary, he shall have the academic qualification and practical experience to be able to carry out the assigned duties. The Committee's Secretary shall maintain the Company's secrets and refrain from practicing any activity that might be in conflict the Company's interest.

IX: Nomination and Remuneration Committee Meetings

- 1- The Committee shall adopt an initial schedule of its meetings before the beginning of each year, provided that an agreement is reached during each meeting on the date of the next meeting.
- 2- The Committee shall hold a periodical meeting at least every 3 months and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its Members.
- 3- In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee of its Members or by two Members, chartered accountant, internal auditor, or the Board.

of each Committee meeting, in coordination with the Committee Members.

- Chairing the Committee meetings.
- Submitting the Committee's outcomes and recommendations to the Board.
- Representing the Committee before the Board and any other entity.

2- The Committee Members may select a chairman deputy among them for the Committee Membership tenure. He shall assist the chairman in carrying out his duties and act on his behalf while being absent.

3- The Committee's Secretary, who is appointed by the Committee and whose fees is determined, shall attend the Committee's meetings without having the right to vote (as long as he is not a Member of the Committee). He shall prepare the meeting minutes, inform Members of the meeting dates and the agenda, and perform all the administrative work of the Committee. Upon the selection of the Committee's Secretary, he shall have the academic qualification and practical experience to be able to carry out the assigned duties. The Committee's Secretary shall maintain the Company's secrets.

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- 2- The Committee shall hold a periodical meeting at least every 3 months and invite Members to attend meetings at least five days prior its date except in the case of urgent meetings, and the agenda and its documents shall be attached to the invitation. The quorum shall be constituted by the presence of the majority of its Members.
- 3- In addition to what stated in the clause (2) above, the Committee shall hold a meeting if requested by the Chairman of the Committee



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- 4- The Committee resolutions and recommendations shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant Committee shall have the casting vote, and it is not permissible to abstain from voting or being deputed.
- 5- Any Member may have the right to express his/her reservation to any decision made by the Committee, provided that he/she shall clarify the main reasons of reservation. If any Member is permitted to leave the meeting before its end, his reservation (if any) shall be limited to the decisions related to discussed items in his attendance, provided that missed items that he/she did not attend, shall be documented in the minutes if requested in writing by him/her.

- of its Members or by two Members, chartered accountant, internal auditor, or the Board.
- 4- The Committee resolutions and recommendations shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant Committee shall have the casting vote, and it is not permissible to abstain from voting.
 - 5- Any Member may have the right to express his/her reservation to any decision made by the Committee, provided that he/she shall clarify the main reasons of reservation. If any Member is permitted to leave the meeting before its end, his reservation (if any) shall be limited to the decisions related to discussed items in his attendance, provided that missed items that he/she did not attend, shall be documented in the minutes if requested in writing by him/her.

X: Documentation of Nomination and Remuneration Committee Meeting Minutes

The Meeting minutes shall be documented as follows:

- 1) During the meeting, the Committee's Secretary shall record the most important discussions, and summarize the recommendations and decisions by the end of discussion.
- 2) For each meeting, the Committee's Secretary shall write down a draft minutes in which the date and place of the meeting, the names of those attended and absent, the discussion summary, the texts of recommendations and decisions issued by the Committee, and it shall be referred to the Committee chairman for approval.
- 3) The draft shall be sent to all the Members and they shall be asked to send their notes within a week from the delivery date.
- 4) The draft minutes shall be edited in light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- 5) In the light of the Chairman's directions, a final version of minutes of meeting shall be prepared and presented to the Members, signed by the Committee's Secretary and Chairman.

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- 4) The draft minutes shall be edited in light of the notes that Members have mentioned and shall be submitted to the chairman with notes attached.
- 5) In the light of the Chairman's directions, a final version of minutes of meeting shall be prepared and presented to the Members, signed by the Committee's Secretary and Chairman.



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- 6) If any significant notes would be mentioned by the Members, they shall be included in the next meeting agenda.
- 7) The signed version will be preserved in a special file accompanied by documents and correspondence related to the minutes.

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- 7) The signed version will be preserved in a special file accompanied by documents and correspondence related to the minutes.

XI: Powers of Nomination and Remuneration Committee

In order to perform its duties, the Board has authorized the Committee to the following:

- 1- Obtaining information they need from:
 - Company employees (All Company employees should cooperate and provide the Committee with any required information).
 - Internal or external legal and professional advisors.
 - Any third party.
- 2- Inviting the specialized employees of the Company to attend the Committee meetings, for discussions, if necessary.
- 3- Seek the assistance of specialized consultants and experts to help assess the presented studies and plans.

XI: Powers of Nomination and Remuneration Committee

In order to perform its duties, the Board has authorized the Committee to the following:

- 1- Obtaining information they need from:
 - Company employees (All Company employees should cooperate and provide the Committee with any required information).
 - Internal or external legal and professional advisors.
 - Any third party.
- 2- Inviting the specialized employees of the Company to attend the Committee meetings, for discussions, if necessary.
- 3- Seek the assistance of specialized consultants and experts to help assess the presented studies and plans.

XII: Remunerations Policy

Without prejudice to the provisions of the Companies Law and the Capital Market Law and its implementing regulations, the remuneration policy shall:

- 1) Be consistent with the Company's strategy and objectives.
- 2) Provide remunerations with the aim of encouraging the Board Members and Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance.
- 3) Determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.

XII: Remunerations Policy

Please refer to the (Remuneration and Compensation Policy for Members of the Board, Members of the Board Committees, and the Executive Management).



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- 4) Be consistent with the magnitude, nature and level of risks faced by the Company.
- 5) Take into consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations.
- 6) Remuneration shall be reasonably sufficient to attract, motivate and retain professional competencies and Board Members with appropriate competence and experience, without exaggeration.
- 7) Remuneration shall be based on the Nomination and Remuneration Committee recommendation and in coordination with the Nomination and Remuneration Committee in respect of new appointments.
- 8) Take into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a Member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.
- 9) Remuneration shall be fair and commensurate with Members' competencies, the business and responsibilities undertaken by the Board Members, in addition to the objectives set by the Board to be achieved during the fiscal year.
- 10) Remunerations shall be commensurate with the Company activities and required competence to be managed.
- 11) Take into consideration, the sector that the Company works for, its size and the Board experience.
- 12) Nomination and Remuneration Committee could regulate the grant of Company's shares to the Board Members and the Executive Management, whether newly issued or purchased by the Company.

XIII: Nomination Procedures

- 1) The Nomination and Remuneration Committee shall take into consideration when nominating new Members of the Board the terms and conditions stated

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- 1) The Nomination and Remuneration Committee shall take into consideration when nominating new Members of the Board the terms and conditions



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in the Corporate Governance Regulations, the requirements decided by the Authority, and the Company's Companies Governance Regulation.

- 2) The number of candidates for Board Membership whose names are presented to the General Assembly shall exceed the number of seats available so that the General Assembly shall have the opportunity to select from several candidates. (For Guidance)

stated in the Corporate Governance Regulations, the requirements decided by the Authority, and the Company's Companies Governance Regulations.

- 2) The number of candidates for Board Membership whose names are presented to the General Assembly shall exceed the number of seats available so that the General Assembly shall have the opportunity to select from several candidates. (For Guidance)¹

*** Please refer to the “Board Membership Nomination Procedures” Article included in the (Charter of Standards, and Procedures for the Membership of the Board of Directors)**

XIV: Publishing the Nomination Announcement

The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the Membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

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The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the Membership of the Board, provided that the nomination period shall remain open for (at least) a month from the date of the announcement.

XV: Nomination Rights of Shareholders

None of the provisions of this Chapter shall prejudice the right of any shareholder to nominate him/herself or others to the Membership of the Board in accordance with the provisions of the Companies Law and Its Implementing Regulations.

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None of the provisions of this Chapter shall prejudice the right of any shareholder to nominate him/herself or others to the Membership of the Board in accordance with the provisions of the Companies Law and Its Implementing Regulations.

XVI: Charter of Standards, and Procedures for the Membership of the Board of Directors

[Annex \(2\)](#)

XVI: Charter of Standards, and Procedures for the Membership of the Board of Directors

[Annex \(2\)](#)

¹ **(For Guidance) Articles:** They are not binding on the Company in all cases; except when approved by the Regulatory Authorities. Until then, the Company may or may not apply what is stated in those guiding articles, in whole or in part, and according to what it deems appropriate. The Company may stop applying these guiding articles, if used by it, without any responsibility as long as the Regulatory Authorities do not require the application of those articles.



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| <p>XVII: Mechanisms and Assessment Procedures of the Board Members, Emanating Committees, CEO and Executive Management As stipulated in the draft of the internal governance regulations. (For Guidance)</p> | <p>XVII: Mechanisms and Assessment Procedures of the Board Members, Emanating Committees, CEO and Executive Management (For Guidance) <u>As stipulated in the internal Corporate Governance Regulations. (For Guidance)</u></p> |
| | <p>XVIII: Update & Amendment</p> <ol style="list-style-type: none">1- These Rules & Regulations, approved by the General Assembly of the shareholders, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, approved by the General Assembly of the shareholders, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations. |
| | <p>DISCLAIMER: The English version of this document is a translation of the original in Arabic for information purposes only. In case of discrepancy, the Arabic original will prevail.</p> |



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| Before Amendment | After Amendment |
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| <p style="text-align: center;">Regulation of Standards, and Procedures for the Membership of the Board of Directors</p> <p style="text-align: center;">Dec. 2017</p> <p style="text-align: center;"><u>Annex (2)</u></p> <p>I: Basic Qualifications and Skills of the Board Member (For Guidance)²</p> <p>A Board Member is required to be professionally capable and has the required experience, knowledge, skill, and independence, which enable him/ her to perform his/ her duties efficiently. He/ she shall have the following qualifications in particular:</p> <ol style="list-style-type: none">1) Leadership Capacity: He/ she shall enjoy leadership skills that enable him/ her to grant powers in order to enhance performance, apply best practices in the field of effective management and comply with professional ethics and values.2) Efficiency: He/ she shall have the academic qualifications, proper professional and personal skills, an appropriate level of training and practical experience related to the current and future businesses of the Company, management, economics, accounting, law or governance, as well as the desire to learn and be trained. | <p style="text-align: center;">Regulation of Standards, and Procedures for the Membership of the Board of Directors</p> <p style="text-align: center;">April 2023</p> <p style="text-align: center;"><u>Annex (2)</u></p> <p>I: Basic Qualifications and Skills of the Board Member (For Guidance)</p> <p>A Board Member is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/ her to perform his/ her duties efficiently. He/ she shall have the following qualifications in particular:</p> <ol style="list-style-type: none">1) Leadership Capacity: He/ she shall enjoy leadership skills which enable him/ her to grant powers in order to enhance performance, apply best practices in the field of effective management and comply with professional ethics and values.2) Efficiency: He/ she shall have the academic qualifications, proper professional and personal skills, an appropriate level of training and practical experience related to the current and future businesses of the Company, management, economics, accounting, law or governance, as well as the desire to learn and be trained. |

² **(For Guidance) Articles:** They are not binding on the Company in all cases; except when approved by the Regulatory Authorities. Until then, the Company may or may not apply what is stated in those guiding articles, in whole or in part, and according to what it deems appropriate. The Company may stop applying these guiding articles, if used by it, without any responsibility as long as the Regulatory Authorities do not require the application of those articles.



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- 3) **Mentoring Capacity:** He/ she shall have the technical, leadership, and administrative competencies, prompt decision-making, and understand the technical requirements and developments related to the work progress. He/ she shall also be able to provide strategic mentoring and clear future planning and vision.
- 4) **Financial Literacy:** He/ she shall have the ability to read and understand financial statements and reports.
- 5) **Physical Fitness:** He/ she shall not suffer from any health issue that may hinder him/ her from performing his/ her duties and responsibilities. When electing Board Members, the General Assembly shall take into account the recommendations of the nomination Committee and the availability of the personal and professional capabilities required to perform the assigned duties effectively pursuant to this Article.

II: Conditions and Criteria of the Nomination for the Board Membership

- 1) The nominee shall not be less than thirty (Gregorian) years old at the time of application unless the nominee is a representative of a company or an investing entity according to the requirements of the regulations, and the company position.
- 2) The nominee shall hold shares in the Company or represent a legal person holding shares in the Company, with par value not less than ten thousand Saudi Riyals.
- 3) It is not permissible for any Board Member to combine the membership of more than five joint-stock companies at the same time.
- 4) An interview with the Nomination and Remuneration Committee members shall be accepted upon the Committee's request.
- 5) It is necessary for the members- collectively - to have the qualifications, competencies, and experiences required for the Board to perform the assigned duties, and to be distributed in a balanced manner among the members, in order to achieve effectiveness and provide sufficient experience for the Board. It is not necessary to have all the required skills in each member.

- 3) **Mentoring Capacity:** He/ she shall have the technical, leadership, and administrative competencies, prompt decision-making, and understanding the technical requirements and developments related to the work progress. He/ she shall also be able to provide strategic mentoring and clear future planning and vision.
- 4) **Financial Literacy:** He/ she shall have the ability to read and understand financial statements and reports.
- 5) **Physical Fitness:** He/ she shall not suffer from any health issue that may hinder him/ her from performing his/ her duties and responsibilities. When electing Board Members, the General Assembly shall take into account the recommendations of the nomination Committee and the availability of the personal and professional capabilities required to perform the assigned duties effectively pursuant to this Article.

II: Criteria for Candidacy for Board Membership

- 1) The nominee for the membership of the Board of Directors must be a natural person.
- 2) The nominee shall not be less than thirty (Gregorian) years old at the time of application, unless the nominee is a representative of a Company or an investing entity according to the requirements of the regulations, and the Company position.
- 3) It is not permissible for any Board Member to combine the membership of more than five joint stock companies at the same time.
- 4) The Nomination and Remuneration Committee may request to conduct interview/s with the nominee/candidate who shall accept the Committee's request.
- 5) It is necessary to the members -collectively- to have the qualifications, competences and experiences required for the Board to perform the assigned duties, and to be distributed in a balanced manner among the members, in order to achieve effectiveness and provide sufficient experience for the Board. It is not necessary to have all required skills in each member.
- 6) The Board Member shall have the ability to manage, to supervise and to understand the legal



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6) The Board Member shall have the ability to manage, supervise, and understand the legal and financial aspects and in particular, be aware of the Company's business and activities. Each Board Member shall provide an adequate time to follow up the Company's affairs and tasks assigned by the Board. The Board shall seek to select candidates, who fulfill the membership standards, or another type of candidate.

and financial aspects and in particular being aware of the Company business and activities. Each Board Member shall provide an adequate time to follow up the Company's affairs and tasks assigned by the Board. The Board shall seek to select candidates, who fulfill the membership standards, or other type of candidates.

III: Nomination Conditions/Requirements:

The candidate must fulfill all the conditions of nomination for the Board of Directors membership in accordance with the relevant laws and regulations, the Charter of Standards and Procedures for the Membership of the Board of Directors, and as follows:

- 1- Each shareholder shall have the right to nominate himself/herself or other person(s) for membership to the Board of Directors, to the extent of his shareholding in the capital.
- 2- Anyone who is interested in being nominated to the Company Board shall declare his/her wish by notifying the Company Management in accordance with the mentioned dates, the Charter of Standards and Procedures for the Membership of the Board of Directors, applicable rules and regulations. This notice shall include an introduction of the nominee with respect to his/her curriculum vitae, his/her qualifications and his/her work experience, such documents shall be submitted in both Arabic and English languages. In addition, the nominee must provide the Company with the all supporting documents such as (National ID, Family ID, and passport for non-Saudis nominees for the Board membership, Nomination Forms, and any



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other relevant documents requested by the Company to meet the legal requirements).

3- A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:

a. Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.

b. Engaging in a business that may compete with the Company or any of its activities.

4- Nominees for Board membership shall complete the form(s) specified by the Capital Market Authority, which can be found on their website.

a. Submit a signed copy of form No. (1) Curriculum vitae after filling it out electronically in both Arabic and English.

b. Submit a signed copy of form No. (3) issued by the Capital Markets Authority for Board membership candidacy in the Board of Directors of a joint stock company listed on the Saudi Stock Exchange (Tadawul) after filling it out electronically in Arabic.

5- Any nominee who is a previous board member of a joint-stock company shall state the names and dates of the boards in which he/she was a member.

6- Any nominee who has served as a Board member in the Company shall enclose with the nomination notice a statement from the Company Management on the last session in



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which he/she was a Board Member including the following:

- a. The number of Board meetings held during each year of the session.
 - b. The number of meetings attended by the member, and the percentage of his attendance of the total meetings.
 - c. The committees in which the member participated, the number of meetings held by each of these committees during each year of the session, the number of meetings attended and the attendance percentage of the total number of meetings.
- 7- Membership type shall be clarified upon nomination, i.e. if the nominee is an executive member or a non-executive member or an independent member.
- 8- The membership nature shall be clarified, i.e. if the member is a nominee for himself/herself or he/she represents a legal person.

The Nomination and Remunerations Committee will review the nomination requests submitted to it. Noting that incomplete applications will not be considered, and voting in the General Assembly shall be limited to the Board nominees who nominated themselves in accordance with the Policies, Standards and procedures for Board Membership, and the provisions contained herein.

III: Board Membership Nomination Procedures

- 1) The Company shall announce the opening of candidacy for Board membership on its website and in any other means specified by the Authority.

IV: Board Membership Nomination Procedures

- 1) The Company shall announce the opening of candidacy for Board membership on Tadawul website, on its website, and by any other means specified by the Authority.



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| <p>2) The stakeholder shall submit a candidature during the announced candidacy time-limit which is not less than (30 days) as of the announcement date on Tadawul website. The Committee of Nomination and Remuneration may extend the candidature time-limit.</p> <p>3) The nominee shall submit a signed application for his desire to run for the new term of Board membership, including and enclosing the following data and documents:</p> <p>a) The candidate's full name, a copy of ID card and commercial registry in case of companies, in addition to his CV, academic qualifications, relevant experience in the field of the company's business and contact numbers, along with a recent personal photo.</p> <p>b) Filling in the Capital Market Authority application Form No. (3) C.V. form of a nominee for the Board membership of a joint stock company listed on the Saudi Capital Market, which can be extracted from the Capital Market Authority website.</p> <p>c) A statement of the joint-stock companies in which he/ she still a Board member, a statement of his membership in the Committees drawn from those companies specifying his/her membership nature.</p> <p>d) A statement on the Companies' Board memberships, which he has previously assumed, membership terms, number of Board meetings convened over the Board Session, number of meetings attended, and his attendance rate out of the total meetings. A statement on the permanent Committees in which the member participated and number of meetings held by each of those Committees during each year of the session.</p> <p>e) H) A statement on companies or institutions that he participates in management or ownership, exercising business similar to the Company's business.</p> <p>f) The nominee shall submit a good conduct acknowledgment proving that he/ she has not previously been convicted of a crime involving breach of morality or trust.</p> | <p>2) The stakeholder shall submit a candidature during the announced candidacy time-limit which is not less than (30 days) as of the announcement date on Tadawul website. The Committee of Nomination and Remuneration may extend the candidature time-limit.</p> <p>3) The nominee shall submit a signed application for his desire to run for the new term of Board membership, including and enclosing the following data and documents in both Arabic and English (especially the CV):</p> <p>A- The candidate's full name, a copy of ID card and commercial registry in case of companies, in addition to his CV, academic qualifications, relevant experience in the field of the Company's business and contact numbers, along with a recent personal photo.</p> <p>B- Filling in the Company's forms and the Capital Market Authority application form No. (3) C.V. of a nominee for the Board membership of a joint stock Company listed on the Saudi Capital Market, which can be extracted from the Capital Market Authority website.</p> <p>C- A statement of the joint-stock companies in which he/ she still a Board member, a statement of his membership in the Committees drawn from those companies specifying his/her membership nature.</p> <p>D- A statement on the Companies' Board memberships, which he has previously assumed, membership terms, number of Board meetings convened over the Board Session, number of meetings attended, and his attendance rate out of the total meetings. A statement on the permanent Committees in which the member participated and number of meetings held by each of those Committees during each year of the session.</p> <p>E- A statement on companies or institutions that he participates in management or ownership, exercising business similar to the Company's business.</p> <p>F- The nominee shall submit a good conduct acknowledgment proving that he/ she has</p> |
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| <p>4) The Nomination and Remuneration Committee shall take into consideration, when evaluating candidates, the diversity of academic qualification and practical experience, and shall prioritize those skilled and fulfilling the requirements of the Board membership, provided however that the number of independent members shall not be less than one-third of the Board Members (or three existing members).</p> <p>5) The Nomination and Remuneration Committee shall take into consideration that the number of candidates for Board membership whose names are presented to the General Assembly shall exceed the number of seats available so that the General Assembly shall have the opportunity to select from several candidates. (For Guidance)</p> <p>6) Voting in the General Assembly shall be confined to the Board candidates running for candidacy in accordance with the aforementioned policies, standards and procedures and according to the cumulative voting in accordance with Article (32) of the provisions of Fitaihi Holding Group Articles of Association.</p> | <p>not previously been convicted of a crime involving breach of morality or trust.</p> <p>G- The nominee shall submit any additional documents or acknowledgments as required by the Nomination & Remunerations Committee or/and the statutory relative regulations.</p> <p>4) The Nomination and Remuneration Committee shall take into consideration, when evaluating candidates, the diversity of academic qualification and practical experience, and shall prioritize those skilled and fulfilling the requirements of the Board membership, provided however that the number of the independent members shall not be less than 2 members or less than 1/3 of the members of the Board (Interviews with the candidates might be required). (In the event that the calculation of one-third results in a decimal fraction, such as the number of members of the Board is seven, the number of independent members must be at least three).</p> <p>5) The Nomination and Remuneration Committee shall take into consideration that the number of candidates for Board membership whose names are presented to the General Assembly shall exceed the number of seats available so that the General Assembly shall have the opportunity to select from several candidates. (For Guidance)</p> <p>6) Voting in the General Assembly shall be limited to the Board candidates running for candidacy in accordance with the aforementioned policies, standards and procedures and according to the cumulative voting procedures.</p> <p>7) A legal person who is entitled, according to the Company's Articles of Association, to appoint representatives to the Board of Directors, will not vote on the selection of others in the Board of Directors¹.</p> |
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| <p>7) The General Assembly shall select the Board members from among the candidates. Sufficient information about the candidates shall be provided as early as possible before the General Assembly meeting so that the shareholders may review such information before the Assembly date. Moreover, a comprehensive summary of the nominee C.V. shall be prepared to be distributed to the attending shareholders during the Assembly meeting (usually it is included in the printed report of the Board).</p> <p>8) The Company could announce on Tadawul website-before the Assembly meeting date- the possibility of reviewing the resumes of the membership candidates on Tadawul Company websites.</p> <p>9) The Nomination and Remuneration Committee or the Board may exclude or rule out any of the candidatures for the Board membership if they do not meet any of the standards, conditions, or procedures mentioned above.</p> <p>10) The selected candidates shall be notified of their formal acceptance as Board Members; a date shall be set for to meet with Senior Executives of the company and the former Board to learn about the company's activities and important affairs that should be known - especially financial and administrative aspects - and inform them about their obligations in accordance with the rules of the Capital Market Authority and the Articles of Association, systems and regulations of the company.</p> <p>11) If a nominee winning a Board seat, apologized after the Assembly voting and before the beginning of the new Board session, the Board shall appoint a Board member fulfilling the competencies and standards required for the vacant seat. The Ministry of Commerce and the</p> | <p>8) The General Assembly shall select the Board members from among the candidates. Sufficient information about the candidates shall be provided, as early as possible, before the General Assembly meeting so that the shareholders may review such information before the Assembly date. Moreover, a comprehensive summary of the nominee C.V. shall be prepared to be distributed to the attending shareholders during the Assembly meeting (usually it is included in the printed report of the Board).</p> <p>9) The resumes of the candidates shall be attached to the announcement of the invitation to the General Assembly, which will elect the Board of Directors in its new session, on the Tadawul website, and shall also be published on the Company's website.</p> <p>10) The Nomination and Remuneration Committee or the Board may exclude or rule out any of the candidatures for the Board membership if they do not meet any of the standards, conditions, or procedures mentioned above.</p> <p>11) The selected candidates shall be notified of their formal acceptance as Board Members; a date shall be set for to meet with Senior Executives of the Company and the former Board to learn about the Company's activities and important affairs that should be known - especially financial and administrative aspects - and inform them about their obligations in accordance with the rules of the Capital Market Authority and the Articles of Association, systems and regulations of the Company.</p> <p>12) If a nominee winning a Board seat, apologized after the Assembly voting and before the beginning of the new Board session, the Board shall appoint a Board member fulfilling the competencies and standards required for the</p> |
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Capital Market Authority shall be informed within **(5) working days** from the date of this appointment.

12) The Nomination and Remuneration Committee shall take into consideration when nominating new members of the Board the terms and conditions stated in the Corporate Governance Regulations and the requirements decided by the Authority.

13) Documents shall be delivered by any of the following means:

a) Fax: 012-6514860

b) e-Mail sh@fitaihi.com.sa (The e-mail size shall not exceed 5 MB)

c) To be delivered to Shareholders Affairs Department at the Group Headquarters located in the adjacent building of Fitaihi Holding Group- Jeddah- Al Madinah Road.

vacant seat. The Ministry of Commerce and the Capital Market Authority shall be informed within **the statutory** period from the date of this appointment.

13) The Nomination and Remuneration Committee shall take into consideration when nominating new members of the Board the terms and conditions stated in the Corporate Governance Regulations and the requirements decided by the Authority.

14) If the number of candidates for membership in the Board is equal or less than the number of members of BOARD to be elected, then in this case all candidates can be elected by acclamation.

15) The independent candidates win their seats on the Board of Directors by acclamation (whatever the number of votes they obtained in the General Assembly), if their number is equal to the required minimum number of independent members (one third of the number of elected Board members).

16) Documents shall be delivered by any of the following means:

A. E-Mail sh@fitaihi.com.sa (The e-mail size shall not exceed 5 MB)

B. To be delivered to the Department of CG & Investor Relation at the Group Headquarters.

Cumulative Voting

1) The cumulative voting method is followed when the General Assembly selects the members of the Board of Directors from among the candidates, and this method is a direct secret vote by the shareholders (or their representatives) when selecting the members of the new Board of Directors, and through it, each shareholder is granted voting power according to the number of shares owned, so that he/she has the right to give it to one candidate or divide it among the candidates he/she chooses, without any repetition of these votes, and so that the total number of



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votes he/she gives is equal to the number of shares he/she owns.

- 2) The shareholders must not exceed the set number of the Board members to be elected, otherwise the voting cards that violate this condition will be excluded so that the shareholder's vote becomes void for all candidates as if it had not been.
- 3) The number of votes granted by the shareholder (or his/her representatives) may not exceed the total number of shares owned. If it exceeds this limit, the excess votes shall be reduced in proportion to the candidates for whom he/she voted. If the total number of votes used by the shareholder is less than the total number of shares he/she owns, the remaining votes will not be used to increase the votes of the candidates for whom he/she voted.
- 4) After the votes are counted, the votes obtained by the candidates will be counted in descending order, and the top candidates in the ranking list are considered to have already been elected.
- 5) **It should be borne in mind that at least one-third of the members of the Board are independents. (Even if they receive fewer votes than the non-independent candidates. In this case, the non-winning independent member(s) in the elections shall replace the (non-independent/executive) member/s at the end of the order).**
- 6) If the number of candidates for membership in the Board is equal or less than the number of members of BOARD to be elected, then in this case all candidates can be elected by acclamation without resorting to the voting.
- 7) The independent candidates win their seats on the Board of Directors by acclamation (whatever the number of votes they obtained in the General Assembly), if their number is equal to/or less than the required minimum number of independent members (one third of the number of elected Board members).



IV: Termination of a Board Membership

A)- The membership of a Board member shall be terminated in the following cases:

- 1- By the end of the term;
- 2- Its membership expires based on any law or instructions applicable in KSA;
- 3- Death (God forbid) or resignation;
- 4- If the General Assembly decided to exclude a member from the membership for any reason;
- 5- In case of a disease (God forbid), the member shall be suspended from work;
- 6- In case of a breach of trust or misconduct.

However, the General Assembly may at all times dismiss all or some of the members of BOARD, without prejudice to the right of the dismissed member to claim for compensation against the company if the dismissal occurred for an unjustifiable reason or at an inappropriate time. A Board member may resign provided that this shall be at an appropriate time, otherwise, he/she shall be liable for any damages arising from his resignation.

The assembly may - based on a recommendation from the Board- terminate the membership of those who are absent for three consecutive Board meetings without a legitimate and acceptable excuse.

- A) Upon the termination of a Board Member for any reason of terminating the membership, the company shall immediately notify the Authority and Capital Market, stating the relevant reasons.
- B) If a Board member resigns, and he has observations on the performance of the company, he shall submit a written statement to the Chairman, and this statement shall be presented to all Board Members.
- C) If a position of a Board member is vacant, the Board may appoint - temporarily - a member for the vacant seat, provided that he/she has the required experience

V: Termination of a Board Membership

A)- The membership of a Board member shall be terminated in the following cases:

- 1) By the end of the Board term;
- 2) Its membership expires based on any law or instructions applicable in KSA;
- 3) Death (God forbid) or resignation;
- 4) If the General Assembly decided to exclude a member from the membership for any reason;
- 5) In case of a disease (God forbid), the member shall be suspended from work;
- 6) In case of a breach of trust or misconduct.
- 7) It is established that his/her membership in the Board was based on incorrect or misleading data or information provided by him/her when he/she was nominated for the membership of the Board.

However, the General Assembly may dismiss all or some of the members of BOARD. A Board Member may resign provided that this shall be at an appropriate time, otherwise, he/she shall be liable for any damages arising from his resignation.

The Assembly may also -upon the recommendation of the Board- terminate the membership of those who are absent for (3) consecutive Board meetings or (five) separate meetings during the term of Board membership without a legitimate excuse accepted by the BOD.

- A) Upon the termination of a Board Member for any reason of terminating the membership, the Company shall immediately notify the Authority and Capital Market, stating the relevant reasons.
- B) If a Board member resigns, and he has observations on the performance of the Company, he shall submit a written statement to the Chairman, and this statement shall be presented to all the Board Members.
- C) If a position of a Board member is vacant, the Board may appoint - temporarily - a Member for



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and competency. The Ministry and the Capital Market Authority shall be informed within **(5) working days** effective from the date of appointment; such appointment shall be referred to the **Ordinary** General Assembly at its first meeting for approval. Consequently, the new member shall complete the term of his predecessor.

the vacant seat, provided that he/she has the required experience and competency. The Ministry and the Capital Market Authority shall be informed within **the statutory period** effective from the date of appointment; such appointment shall be referred to the General Assembly at its first meeting for approval. Consequently, the new member shall complete the term of his predecessor.

- D) The membership of the Board shall terminate upon the expiry of its term, or upon the expiry of the Member's validity thereto in accordance with any system or instructions in force in the Kingdom. However, the General Assembly may dismiss all or some of the Board Members, without prejudice to the dismissed Member's right towards the Company to be compensated if the dismissal occurred for an unacceptable reason or at an inappropriate time. A Member of the Board of Directors may retire, provided that this happens at an appropriate time; otherwise, he shall be liable to the Company for the damages resulting from the retirement.
- E) The Board of Directors shall call the General Assembly to convene, sufficiently before the end of its session, to elect a Board of Directors for a new term. If the election cannot be held and the current term of the Board ends, the members shall continue to perform their duties until the election of a Board of Directors for a new term, provided that the term of the Members of the expired Board does not exceed the period specified by the regulations.
- F) If the Chairman and Members of the Board of Directors retire, they must call the Ordinary General Assembly to convene to elect a new Board of Directors, and the retirement does not apply until the new Board is elected, provided that the term of the retired Board does not exceed the period specified by the regulations.
- G) A Member of the Board of Directors may resign from the membership of the Board by a written notification addressed to the Chairman of the Board, and if the Chairman of the Board retires, the notification must be directed to the remaining Members and the Secretary of the Board. Resignation is effective -in both cases- from the date specified in the notification.



V: Obstacles to Independence

- A) An Independent Member shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company.
- B) The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.
- C) By way of example, the following matters negate the independence requirement for an Independent Board member:
- 1) If he/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
 - 2) If he/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group.
 - 3) If he/she is a relative of any member of the Board of the Company, or any other company within the Company's group.
 - 4) If he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group.
 - 5) If he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
 - 6) If he/she is an employee or used to be an employee, during the preceding two years, of the Company, of any party dealing with the Company or any company within its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, held a controlling interest in any such parties.
 - 7) If he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account.
 - 8) If the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its Committees.

VI: Obstacles to Independence (As it is in the Regulations issued by the CMA and related rules and regulations)

Unless the Nominations Committee considers otherwise, the businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that affect the independence of the board member which require an authorization from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities.



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| <p>9) If he/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.</p> | |
| | <p>VII: Update & Amendment</p> <ol style="list-style-type: none">1- These Rules & Regulations, approved by the General Assembly of the shareholders, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, approved by the General Assembly of the shareholders, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations. |
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| <p style="text-align: center;">Regulation of the Remuneration and Compensation Policy for Members of the Board, Members of the Board Committees, and the Executive Management</p> <p style="text-align: center;">December 2017</p> <p style="text-align: center;"><u>Annex (3)</u></p> | <p style="text-align: center;">Regulation of the Remuneration and Compensation Policy for Members of the Board, Members of the Board Committees, and the Executive Management</p> <p style="text-align: center;">April 2023</p> <p style="text-align: center;"><u>Annex (3)</u></p> |
| <p>I: Remuneration of Board and Committees' Members</p> <p>a) Taking into account other relevant laws and regulations issued by other supervisory entities, the Board should take into consideration while determining and disbursing the remuneration allocated for its members, the relevant provisions contained in the Companies Law and Corporate Governance Regulations, in addition to the following standards:</p> <ol style="list-style-type: none">1) Remuneration policy should be in line with the Company strategy and objectives.2) Remunerations shall be provided with the aim of encouraging the Board Members and Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance;3) Remuneration shall be determined based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.4) To be consistent with the magnitude, nature and level of risks faced by the Company.5) Taking into consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of | <p>I: Remuneration of Board and Committees' Members</p> <p>a) Taking into account other relevant laws and regulations issued by other supervisory entities, the Board should take into consideration while determining and disbursing the remuneration allocated for its members, the relevant provisions contained in the Companies Law, Corporate Governance Regulations, and the Articles of Association of the Company, in addition to the following standards:</p> <ol style="list-style-type: none">1) Remuneration policy should be in line with the Company strategy and objectives.2) Remunerations shall be provided with the aim of encouraging the Board Members and Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance;3) Remuneration shall be determined based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.4) To be consistent with the magnitude, nature and level of risks faced by the Company.5) Taking into consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of such |



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such comparisons in leading to unjustifiable increases in remunerations and compensation.

- 6) Remuneration shall be reasonably sufficient to attract, motivate and retain talented professionals and Board Members distinguished with appropriate competence and experience, while not exaggeration.
 - 7) Remuneration shall be based on the Nomination and Remuneration Committee recommendation and in coordination with the Nomination and Remuneration Committee in respect of new appointments.
 - 8) Remuneration shall be fair and commensurate with members' competencies, the business and responsibilities undertaken by the Board Members, in addition to the objectives set by the Board to be achieved during the fiscal year.
 - 9) Remunerations shall be commensurate with the Company activities and required competence to be managed.
 - 10) Take into consideration, the sector that the Company belongs to, its size and the Board expertise.
 - 11) Nomination and Remuneration Committee may regulate the grant of Company's shares to the Board Members and the Executive Management, whether newly issued or purchased by the Company.
 - 12) Taking into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a Member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.
- b) The Board Members shall not be allowed to vote on Board Members remuneration item in the General Assembly meeting.
- c) Board Members remuneration shall consist of an amount of 200,000 SAR (two hundred thousand SAR) for each Member in exchange for his/her membership in the Board and his/her participation

comparisons in leading to unjustifiable increases in remunerations and compensation.

- 6) Remuneration shall be reasonably sufficient to attract, motivate and retain talented professionals and Board Members distinguished with appropriate competence and experience, while not exaggeration.
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 - 12) Taking into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a Member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.
- b) The Board Members shall not be allowed to vote on the Board Members' remuneration item in the General Assembly meeting **(if this item is included in the agenda of the General Assembly Meeting)**.
- c) Board Members remuneration shall consist of an amount of 200,000 SAR (two hundred thousand SAR) for each Member in exchange for his/her membership in the Board and his/her participation



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in its business, including attendance, allowance and additional bonuses in the event of Member participation in the emanating committees of the Board, and according to the provisions of Companies Law and its Regulations.

d) The remuneration of a Board Member may be a specific amount of (200,000 SAR), an attendance allowance, in-kind benefits, and/or a certain percentage of the net profit, and/ or two or more of these benefits may be combined.

e) Independent Board Members remuneration may not be based on a percentage of the profits that the Company shall earn, or directly or indirectly on the profitability of the Company.

f) 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 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 such remuneration shall be commensurate with the number of meetings attended by the member, and otherwise it shall be void and null.

g) In any case, should the total of financial or in-kind benefits and remuneration that a Board Member receives, does not exceed an amount of five hundred thousand Saudi Riyals annually, according to the controls decided by the competent authority.

h) The Company may distribute interim profits dividends to its shareholders biannually or quarterly under an authorization provided by the General Assembly of the Board, renewed annually.

i) The Ordinary General Assembly of the Company's shareholders has adopted in its meeting held on 20 April 2016, the Board Members and the emanating committees attendance allowances, as follows:

1- An amount of 3000 SAR is allocated to a Board Member for each Board meeting, he/she shall attend or participate in.

in its business, including attendance, allowance and additional bonuses in the event of Member participation in the emanating Committees of the Board, and according to the provisions of Companies Law and its Regulations.

d) Independent Board Members remuneration may not be based on a percentage of the profits that the Company shall earn, or directly or indirectly on the profitability of the Company.

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f) In any case, should the total of financial or in-kind benefits and remuneration that a Board Member receives, does not exceed an amount of (500,000 SAR) annually, according to the controls decided by the competent authority.

g) The Company may distribute interim profits dividends to its shareholders biannually or quarterly under an authorization provided by the General Assembly of the Board, renewed annually.

h) The Ordinary General Assembly of the Company's shareholders has adopted in its meeting held on 20 April 2016, the Board Members and the emanating Committees attendance allowances, as follows:

1- An amount of 3000 SAR is allocated to a Board Member for each Board meeting, he/she shall attend or participate in.



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2- An amount of 1500 SAR is allocated to a Subsidiary Committee Member for each Committee meeting, he/she shall attend or participate in.

II: Remuneration and Allowances of Audit Committee Members

- 1) Each independent Member of the Audit Committee -non Board Member- shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed indemnities.
- 2) The attendance allowance of audit committee meeting is amounting to (SAR 1500) for each session (as approved in the Shareholders' Assembly meeting dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members, and a specific amount for each hour spent by the Member outside the committee meetings for relevant business, and an indemnity for actual expenses incurred for business related to carrying out his duties.
- 3) The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the committee members.
- 4) If the committee Member or the committee secretary is an employee of the Company or whosoever receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending committee meetings above-mentioned.
- 5) A Board Member could have a remuneration for his membership in the audit committee which formed by General Assembly, or for additional executive, technical, managerial or consultative positions - under professional license- assigned in the Company, in addition to his remuneration as a Member in the Board or its committees, according to the Companies Law and the Company's Articles of Association. This shall mean hereby that the total remuneration of a Board Member that he/she shall obtain in return for his/her membership in the Audit Committee formed by the General Assembly or for any executive, technical, administrative, or advisory position- under a professional license -

2- An amount of 1500 SAR is allocated to a Subsidiary Committee Member for each Committee meeting, he/she shall attend or participate in.

II: Remuneration and Allowances of Audit Committee Members

- 1) **Each outside Member of the Audit Committee** shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed indemnities.
- 2) The attendance allowance of audit Committee meeting amounts to (SAR 1500) for each session (as approved in the Shareholders' Assembly Meeting dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members, and a specific amount for each hour spent by the Member outside the Committee meetings for relevant business, and an indemnity for actual expenses incurred for business related to carrying out his duties.
- 3) The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the Committee members.
- 4) If the Committee Member or the Committee secretary is an employee of the Company or whosoever receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending Committee meetings above-mentioned.
- 5) A Board Member could have a remuneration for his membership in the audit Committee which formed by General Assembly, or for additional executive, technical, managerial or consultative positions - under professional license- assigned in the Company, in addition to his remuneration as a Member in the Board or its Committees, according to the Companies Law and the Company's Articles of Association. This shall mean hereby that the total remuneration of a Board Member that he/she shall obtain in return for his/her membership in the Audit Committee formed by the General Assembly or for any executive, technical, administrative, or advisory position- under a professional license - additional business or positions assigned to him/her



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additional business or positions assigned to him/her at the Company shall not fall within the scope of the upper limit of remuneration stipulated in paragraph (3) of Article 76 of the Companies Law.

III: Additional Remunerations for the Board Member

A Board Member may receive a remuneration for his membership in the audit committee, formed by the General Assembly, or for additional executive, technical, managerial or consultative positions -under professional license- assigned in the Company. In addition to his remuneration as a Member in the Board or its committees according to the Companies Law and Company's Articles of Association.

IV: Remuneration Disparities of the Board Members

- A) Remunerations of the Board Members may be variable according to the member's experience, specialties, tasks assigned to him, independence, the number of attended sessions, and other considerations.
- B) Remunerations of independent Board Members should not be deducted from Company's dividends, i.e. Not be based directly or indirectly on the Company's profitability, in order to avoid linking such remunerations with the Company's performance or any other factors that could affect their independent decisions.

at the Company shall not fall within the scope of the upper limit of remunerations (if there is a limit).

III: Additional Remunerations for the Board Member

A Board Member may receive a remuneration for his membership in the audit Committee, formed by the General Assembly, or for additional executive, technical, managerial or consultative positions -under professional license- assigned in the Company. In addition to his remuneration as a Member in the Board or its Committees according to the Companies Law and Company's Articles of Association.

IV: Remuneration Disparities of the Board Members

- A) Remunerations of the Board Members may be variable according to the member's experience, specialties, tasks assigned to him, independence, the number of attended sessions, and other considerations.
- B) Remunerations of independent Board Members should not be deducted from Company's dividends, i.e. Not be based directly or indirectly on the Company's profitability, in order to avoid linking such remunerations with the Company's performance or any other factors that could affect their independent decisions.
- C) To evaluate the Member's performance, the Nominations and Remuneration Committee submits its periodic report to the Chairman of the Board of Directors on the performance of each Member of the Board of Directors/Committee regarding the following:
- 1- Extent of commitment to attend the BODs' Meetings
 - 2- Positive participation in the discussions and topics raised
 - 3- Submitting proposals that contribute to raising the level of the Company's performance
 - 4- Carrying out tasks assigned to him/her by the BODs
 - 5- The need to change/develop/retain the Member



V: Suspend and Reclaim Remunerations by the Company

- 1) If the General Assembly decided to terminate the membership of a Board Member because of his absence for three consecutive meetings without justifiable excuse, this Member will be deprived of any remunerations for the period following his/her last attended meeting. In addition, such Member has to pay-back all remunerations he received for that period.
- 2) If the audit committee or the Authority discovered that the remunerations disbursed to any Board Member or Executive Management was based on incorrect or false information (provided to General Assembly or included in the Board annual report), such remunerations should be repaid to the Company. Moreover, the Company has the right to reclaim or suspend such remunerations, in order to prevent the abuse of power to obtain unmerited remunerations.
- 3) If the General Assembly of Shareholders did not approve the disbursement of the annual remunerations to Board Members for their membership in the Board, the Member who received such remunerations should repay it within 15 working days after the date of convening the General Assembly meeting. This will be in exchange for their Board Membership in the Fiscal year of the remunerations disbursing or suspending remunerations.

VI: Disclosure of Remunerations and Policies by the Company

The Board shall disclose -in the annual report- the details of policies related to remunerations, its identification mechanisms, amounts, benefits in kind and financial benefits paid for every Board Member (whether it is salaries, dividends, allowances for attendance, expenses, or any other benefits) for any executive, technical, managerial or consultative positions or works. In addition, this report should disclose the number of Board sessions that the Member attended after the last meeting of the General Assembly.

V: Suspend and Reclaim Remunerations by the Company

- 1) If the General Assembly decided to terminate the membership of a Board Member because of his absence for three consecutive meetings **or five separate meetings without an accepted excuse to the BOD**, this Member will be deprived of any remunerations for the period following his/her last attended meeting. In addition, such Member has to pay-back all remunerations he received for that period.
- 2) If the audit Committee or the Authority discovered that the remunerations disbursed to any Board Member or Executive Management was based on incorrect or false information (provided to General Assembly or included in the Board annual report), such remunerations should be repaid to the Company. Moreover, the Company has the right to reclaim or suspend such remunerations, in order to prevent the abuse of power to obtain unmerited remunerations.
- 3) If the General Assembly of Shareholders did not approve the disbursement of the annual remunerations to Board/Committee Members for their membership, **(if this item is included in the agenda of the General Assembly Meeting)**, the Member who received such remuneration should repay it within (15) working days after the date of convening the General Assembly meeting. This will be in exchange for their Board Membership in the Fiscal year of the remunerations disbursing or suspending remunerations.

VI: Disclosure of Remunerations and Policies by the Company

The Board shall disclose -in the annual report- the details of policies related to remunerations, its identification mechanisms, amounts, benefits in kind and financial benefits paid for every Board Member (whether it is salaries, dividends, allowances for attendance, expenses, or any other benefits) for any executive, technical, managerial or consultative positions or works. In addition, this report should disclose the number of Board sessions that the Member attended after the last meeting of the General Assembly.



VII: Disbursement Method for Remunerations and Compensations for the Board Members

- 1) The annual remuneration for the Board Membership shall be disbursed in an amount of (SAR 200,000) for the Board Member in two instalments: The first instalment shall be disbursed directly after the end of second quarter of fiscal year, while the second instalment shall be disbursed after the end of fiscal year.
- 2) If the shareholders' Assembly did not approve the disbursement of remunerations to the Board Members as at the fiscal year, the Board Members who received such remunerations for that fiscal year, shall repay the same.
- 3) This regulation will be updated in accordance with any updates to the Company's Articles of Association and related statutory regulations.
- 4) If the compensations are in fact a salary for the Board Member, it should be paid according to the payroll system.

VIII: Remunerations and Compensations of the Executive Management

Remuneration of Executive Management shall include:

1. Basic salary (paid monthly at the end of every calendar month)
2. Allowances include but not limited to housing and transportation allowances.
3. Medical insurance benefits for the employee and his/her family.
4. An Annual remuneration based on the KPI as per the annual assessment.
5. Short-term incentive plans related to exceptional performance, and long-term incentive plans as stock options programs, if any.
6. Other benefits include but not limited to, the annual leave, annual tickets, operational airfield services and End-of-service award according to Labor Law and human resources policy adopted in the Company.

VII: Disbursement Method for Remunerations and Compensations for the Board Members

- 1) The annual remuneration for the Board Members (and outside Committee Members) can be disbursed for the Members in (4) installments: each at the end of the fiscal quarter, or biannually, or annually, or any other way appropriate to the Company's circumstances.
- 2) This regulation will be updated in accordance with any updates to the Company's Articles of Association and related statutory regulations.
- 3) If the compensations are in fact a salary for the Executive Board/Committee Member, it should be paid according to the payroll system.

VIII: Remunerations and Compensations of the Executive Management

Remuneration of Executive Management shall include:

1. Basic salary (paid monthly at the end of every calendar month)
2. Allowances include but not limited to housing and transportation allowances.
3. Medical insurance benefits for the employee and his/her family.
4. An Annual remuneration based on the KPI's as per the annual assessment.
5. Short-term incentive plans related to exceptional performance, and long-term incentive plans as stock options programs, if any.
6. Other benefits include but not limited to, the annual leave, annual tickets, services of Airport Executive Offices, and End-of-service award according to Labor Law and human resources policy adopted in the Company.



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7. The monthly salary, financial privileges and other benefits agreed upon contractually shall be paid in a manner that does not violate the internal regulations of the Company.

IX: Performance Evaluation of Senior Executives

The HR Department and the Financial Department submit to the Nominations and Remuneration Committee its periodic report on the performance of each senior executives regarding of the following:

- 1- Extent of compliance with the implementation of the Company's regulations and Board of Directors' decisions;
- 2- The results of the sector(s) he/she undertakes;
- 3- The number of initiatives he/she took that contributed to raising the level of the Company's performance;
- 4- Carrying out additional work on behalf of the CEO, the Board of Directors, or the Committee;
- 5- The need to change/develop/retain a senior executive.

X: Update & Amendment

- 1- These Rules & Regulations, **approved by the General Assembly of the shareholders**, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.
- 2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, **approved by the General Assembly of the shareholders**, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.
- 3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the



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rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.

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| <p data-bbox="177 427 691 461">Part 7: Conflict of Interest Regulation</p> <p data-bbox="225 501 644 544">Criteria of Competition</p> <p data-bbox="347 645 520 687">Dec. 2017</p> <p data-bbox="331 741 536 779">Annex No. (14)</p> | <p data-bbox="927 427 1441 461">Part 7: Conflict of Interest Regulation</p> <p data-bbox="911 501 1453 591">Regulation of the Criteria and Controls of Competition</p> <p data-bbox="1090 645 1273 687">April 2023</p> <p data-bbox="1074 725 1284 763">Annex No. (14)</p> <p data-bbox="834 831 970 864">Preamble:</p> <ol data-bbox="882 875 1533 1944" style="list-style-type: none"><li data-bbox="882 875 1533 1328">1- This Regulation was prepared within the framework of the requirements of the relevant articles of the Corporate Governance Regulations for listed joint-stock companies issued by the CMA and its amendments, as well as the Companies Law issued in 2022 and its amendments, and the requirements of the Governance Regulations. The Board of Directors recommends the General Assembly approve these criteria and publish them on the Company's website while checking the competing works annually.<li data-bbox="882 1339 1533 1599">2- Members of the Board and Committees, senior executives, and all employees must avoid conflict of interest and competition with the Company as much as possible. They must abide by the applicable laws and regulations and the Company's policies when dealing with cases of conflict of interest and competition.<li data-bbox="882 1610 1533 1944">3- The Members of the Board and Committees, whether in their capacity or as representatives of others, shall not have any interests that conflict with their duties or the requirements of impartiality and independence or that they or the parties they represent have any interests that conflict with the requirements of impartiality and independence, or maintain the confidentiality of the information they relate to |



I: Competing the Company

If a Member of the Board desires to engage in a business that may compete with the Company or any of its activities, as stipulated in the Companies Law (Art. 72); the following shall be taken into account:

- 1) Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
- 2) The conflicted member shall abstain from voting on the related decision in the Board meeting and General Assemblies.
- 3) The chairman of the Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in.
- 4) Obtaining an authorization of the Ordinary General Assembly of the Company for the member to engage in the competing business.

II: Concept of Competing Business

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

- 1) The Board Members' establishing a Company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other

by their membership in the Company's Board of Directors.

I: Criteria of Competing the Company

If the Company's Manager of a Member of the Board/Committee desires to engage in a business that may compete with the Company or any of its activities, as stipulated in the Companies Law; the following shall be taken into account:

- 1) The competition should not be prohibited by laws, regulations, or any legal or regulatory rules, as well as the participation of a member of the Board of Directors in the membership of a Company with a competing activity or activities.
- 2) The competition should not be substantial, negatively affecting the Group's activities, or making it impossible/difficult to manage the process of conflict of interests arising from it.
- 3) Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
- 4) The conflicted member shall abstain from voting on the related decision in the Board/Committee meetings and General Assemblies.
- 5) The Board shall inform the General Assembly, once convened, of the competing businesses that the Member is engaged in.
- 6) Obtaining an authorization of the Ordinary General Assembly of the Company or from the BOD, pursuant to authorization from the Ordinary General Assembly, a Member is allowed to practice competing businesses.

II: Concept of Competing Business

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

- 1) The Board/Committee Members' establishing a Company or a sole proprietorship or the ownership of 5% of the shares or stakes in a Company or any



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| <p>entity engages in business activities that are similar to the activities of the Company or its group.</p> <p>2) Accepting membership in the Board of a Company, an entity that competing with the Company or its group, or managing the affairs of a competing sole proprietorship or any competing Company of any form.</p> <p>3) The Board Member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its Group.</p> | <p>other entity engages in business activities that are similar to the activities of the Company or its group.</p> <p>2) Accepting membership in the Board of a Company, an entity that competing with the Company or its group, or managing the affairs of a competing sole proprietorship or any competing Company of any form, except for assuming a membership or management of subsidiaries.</p> <p>3) The Board/Committee Member's acting as an overt or covert commercial agent for another company or entity competing with the Company or its Group.</p> <p>4) If a natural person, representing a legal person, accepts the membership of a board of directors, a committee, or an executive position in a competing entity.</p> <p>5) If the Board/Committee Member provides technical, administrative, or advisory work to any competing entity.</p> <p>6) If the Board/Committee Member uses his knowledge and information to benefit a competing entity.</p> <p>III: Competition Controls</p> <p>1) The Company's Manager, or a Member of the Board//Committee may not participate in any business that would compete with the Company, or compete with the Company in one of the branches of the activity it is engaged in, otherwise the Company may demand appropriate compensation from him/her before the competent judicial authority unless he/she obtains a license from the General Assembly to do so, and in accordance with the controls set by the competent authority.</p> <p>2) If the Company's Manager, or a a Member of the Board/Committee wishes to participate in an activity that is considered to be competing with the Company, or with one of the branches of the activities that are practiced, the following must be taken into account:</p> <p>A- Inform the Board of Directors about the competing businesses he/she wishes to practice, and record this notification in the meeting minutes of the Board of Directors.</p> |
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- B- The interested Member shall not participate in voting on the decision issued in this regard by the Board of Directors, Committees and shareholders' assemblies.
- C- The Board of Directors shall inform the General Assembly when it convenes about the competing business that the Member of the Board/Committee is engaged in after the Board/Committee verifies that the Member of the Board/Committee is competing with the Company's business or competing with it in one of the branches of the activities that are practiced in accordance with criteria issued by the General Assembly of the Company, proposed by the Board and published on the Company's website, provided that these competing works are verified annually.
- D- Obtain a license from the Ordinary General Assembly of the Company that allows the Member to practice competing businesses.
- E- A Board/Committee Member must exercise his/her duties with honesty and integrity, put the interests of the Company ahead of his/her personal interest, and not use his/her position to achieve his/her personal interests.
- F- The Board/Committee Member shall protect the confidentiality of information related to the Company and its activities and shall not disclose it to anyone.
- G- The Member of the Board/Committee shall be accountable for calculating the transactions in which he/she has a direct or indirect interest during the fiscal year.
- H- The resolution of the General Assembly determines the number of competing businesses and activities that the Board may license during the authorization period.
- I- The period of authorization shall be a maximum of one year from the date of the approval of the General Assembly to delegate its powers contained in paragraphs (1) and (2) of Article (27) of the Companies Law to the Company's Board of Directors or until the end of the term of the authorized Company's Board of Directors, whichever is earlier.



III: Rejection to Grant/Renew Authorization

If the General Assembly rejects to grant/renew the authorization pursuant to the Companies Law and (Art. 71 and 72), the Corporate Governance Regulations (Art. (46)), and their subsequent mandatory amendments and controls, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from competing the Company or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

IV: Rejection to Grant/Renew Authorization

- 1- If the General Assembly rejects to grant/renew the authorization pursuant to the Companies Law, the Corporate Governance Regulations, and their subsequent mandatory amendments and controls, the Member of the Board/Committee shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board/Committee shall be deemed terminated, unless he/she decides to withdraw from competing the Company or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.
- 2- If the BOD rejects to grant/renew the authorization pursuant to the Companies Law, the Corporate Governance Regulations, and their subsequent mandatory amendments and controls, the Member of the Board/Committee shall resign within a period specified by the BOD; otherwise, his/her membership in the Board/Committee shall be deemed terminated, unless he/she decides to withdraw from competing the Company or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the BOD.
- 3- The Members of the Board and Committees shall not participate in any business that would compete with the Company or compete with it in one of the branches of the activity, it is engaged in, without obtaining a license from the General Assembly of the Company. This is strictly prohibited for independent members.
- 4- The Members of the Board of Directors and Committees must inform the Board of Directors immediately about all details of their direct or indirect participation in any business that would compete with the Company, or about their competition with the Company directly or



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indirectly in one of the branches of the activity, it is engaged in, in accordance with the provisions of the Companies Law and the Capital Market Law and their executive regulations.

- 5- Whoever wishes to nominate himself for the membership of the Board of Directors shall disclose to the Board and the General Assembly his/her participation in a business that would compete with the Company, or with it in one of the branches of the activity it is engaged in.

V: Special Provisions

- 1- This regulation shall be published on the Company's website to enable stakeholders to review its contents.
- 2- The Board of Directors has the power to impose penalties on the violators of these regulations and file cases to claim compensation for damages resulting from non-compliance.
- 3- The geographical boundaries of the Kingdom and the borders of countries for the Company's subsidiaries are the scope of application of these regulations regarding the competing business practiced by a Member of the Board of Directors.
- 4- All that is not provided for in this regulation, the regulations, decisions, and rules issued by the competent authorities shall apply.
- 5- Taking into consideration the Licensing Controls for Business and Contracts Made for the Company's Account in which a Member of the Board of Directors has a Direct or Indirect Interest or Licensing the Practice of Competing Businesses, included in the Executive Regulations of the Companies Law for the Listed Joint-Stock Companies, the Companies Law, and any subsequent mandatory amendment or controls.
- 6- Taking into consideration the amendment of the Corporate Governance Regulations regarding the Rules for Competing the Company or



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| | <p>engaging in a competing activity and any subsequent mandatory amendment or controls.</p> |
| | <p>VI: Update & Amendment</p> <p>1- These Rules & Regulations, approved by the General Assembly of the shareholders, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.</p> <p>2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, approved by the General Assembly of the shareholders, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.</p> <p>3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations.</p> |
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Before Amendment

After Amendment

Part 8: Social Responsibility and Social Initiatives

December 2017

Article (72): Social Responsibility (For Guidance)¹

The General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and objectives of the community for purposes of developing the social and economic conditions of the community.

Article (73): Social Initiatives (For Guidance)

The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company. This includes the following:

- 1) Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;
- 2) Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;
- 3) Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and
- 4) Establishing awareness programs to the community to familiarize them with the Company's social responsibility.

Part 8: Social Responsibility and Social Initiatives

April 2023

Article (72): Social Responsibility (For Guidance)

The General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and objectives of the community for purposes of developing the social and economic conditions of the community.

The aforementioned assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.

Article (73): Social Initiatives (For Guidance)

The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company. This includes the following:

- 1) Establish the indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;
- 2) Disclose the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;
- 3) Disclose plans for achieving social responsibility in the periodical reports on the activities of the Company's; and
- 4) Establish awareness programs to the community to familiarize them with the Company's social responsibility.

¹ **(For Guidance) Articles:** They are not binding on the Company in all cases; except when approved by the Regulatory Authorities. Until then, the Company may or may not apply what is stated in those guiding articles, in whole or in part, and according to what it deems appropriate. The Company may stop applying these guiding articles, if used by it, without any responsibility as long as the Regulatory Authorities do not require the application of those articles.



Article (74): Social Responsibility Definition

Social responsibility is defined as an ethical theory specific to any entity, whether organization or an individual, who has a duty to work for the benefit of community as a whole. Social responsibility is something that every organization or individual shall do to maintain a balance between the economy, the social system and the environment. Social responsibility also means ensuring that the company adheres to the laws and ethical standards, in terms of the impact of the company's activity on its staff, its investors, consumers, and on the environment and community as a whole. Social responsibility shall be understood as an investment in community rather than an act of charity. Social responsibility is not only related to the size of financial donations, but rather to expenditures on sustainable social programs and projects that meet societal needs of the highest priority. There is a need for joint action by all the components of the local community that are influenced and affected by the program. It would be a mistake from the company, in one direction, to impose its programs on the basis of generosity and charity and not as a duty, desire and interest that entail meeting the real needs of the local community. The purpose of social responsibility programs is to achieve harmony between the company and the community in a framework that benefits everyone. In any case, the issues of poverty, unemployment, health and housing shall represent a social, economic and security priority, and therefore these programs shall focus on them or at least any of them. If there are some of these necessary projects that require huge financial resources, it would be possible to cooperate with other companies in carrying out these projects.

Article 75: Corporate Social responsibility Policy and directions

The company's social responsibility activities crystallize in 3 main directions and areas as follows:

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Article 75: Corporate Social responsibility Policy and directions

The Company's social responsibility activities crystallize in **4 main directions** and areas as follows:



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| Direction | Field | Direction | Field |
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| Employees | <p>1- Fitaihi Holding Group is one of the pioneers in providing job opportunities for Saudi girls, as it provided many job opportunities to a large number of Saudi girls and trained them in accounting, human resources, marketing and sales of jewelry and luxury goods products. Most of the branches are 100% operated by Saudi girls.</p> <p>2- We always provide training courses for employees by certified trainers, in various fields.</p> <p>3- We care very much about the human, psychological and health conditions of all employees of the company.</p> <p>4- The company has equipped a playing field for the employees near the employee's residence in Jeddah, and it also sponsors most of the sports tournaments in which the company's employees participate.</p> | Employees | <p>1- Fitaihi Holding Group is one of the pioneers in providing job opportunities for Saudi girls, as it provided many job opportunities to a large number of Saudi girls and trained them in accounting, human resources, marketing and sales of jewelry and luxury goods products. Most of the branches are 100% operated by Saudi girls.</p> <p>2- We always provide training courses for employees by certified trainers, in various fields.</p> <p>3- We care very much about the human, psychological and health conditions of all employees of the Company.</p> <p>4- The Company has equipped a playing field for the employees near the employee's residence in Jeddah, and it also sponsors most of the sports tournaments in which the Company's employees participate.</p> |
| Customers | <p>1- We provide our customers with the finest products with reasonable prices and with the highest levels of service.</p> <p>2- Our products also have the highest levels of safety, and do not affect the surrounding environment.</p> | Customers | <p>1- We provide our customers with the finest products with reasonable prices at the highest levels of service.</p> <p>2- Our products also have the highest levels of safety, and do not affect the surrounding environment.</p> |
| Society | <p>1- Charitable contributions and donations to associations for memorizing the Qur'an, orphanages, humanitarian cases, etc.</p> <p>2- The company believes that its investment in medical projects is an ethical investment, one of which goals is to serve the community</p> | Society | <p>1- Charitable contributions and donations.</p> <p>2- The Company believes that its investment in medical projects is an ethical investment, one of its goals is to serve the society.</p> <p>3- Saudization in a manner that serves the interest of the Company, and in consistent with the statutory requirements.</p> <p>4- Respecting the human rights as stated in International Human</p> |

The higher the company's sales and profitability, the more direct the spending on the company's social responsibility activities and directions.
After the shareholders approve the company's social responsibility policy, it will be published on the company's



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official website, and circulated by sending it via e-mail to employees and members of the BOARD.

Rights Laws, complying with the main rights stated in the Saudi Labor Law, and updating the internal regulations to comply with and fully adhere to these Regulations and Laws.

**Environment,
Safety, and
Resource
Rationalization**

- 1- Updating formulation equipment and using the best purification filters to reduce emissions as much as possible, to avoid any damage to the environment.
- 2- Using means of rationalizing water consumption, while recycling water used in formulation.
- 3- Insulating the walls of Fitaihi Center and the Group's headquarters to keep the buildings cool and minimizing the use of central air-conditioning equipment.
- 4- Using motion sensors to light up electricity in the Group's headquarters building in Jeddah.
- 5- Using energy-saving lamps in all Company buildings and branches.
- 6- Recycling a large part of the Company's waste by referring to approved recycling centers.
- 7- Focusing on the maintenance, cleaning and afforestation of the surroundings areas of the Company and its branches.
- 8- Providing permanent guidance and ensuring the compliance of all employees, especially workers in the maintenance department, to observe and take all safety measures during their work, with an emphasis on everyone following the health instructions in force in accordance with internal protocols.



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| | <p>The higher the Company's sales and profitability, the more direct the spending on the Company's social responsibility activities and directions.</p> <p>After the shareholders approve the Company's social Responsibility Policy, it will be published on the Company's official website, and circulated by sending it via e-mail to employees and members of the BOARD.</p> |
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| | <p>IX: Update & Amendment</p> <ol style="list-style-type: none">1- These Rules & Regulations, approved by the General Assembly of the shareholders, are automatically and obligatorily amended and updated upon issuance and entry into force of new mandatory amendments and regulations issued by the Capital Market Authority (CMA), the Saudi Exchange Group, The Ministry of Commerce, other relevant regulators, in case of amending the Articles of Association of the Company.2- In the event that the Board of Directors approves an amendment/s to these Rules & Regulations, approved by the General Assembly of the shareholders, based on a request or proposal submitted by one of the Board's Committees or the Executive Management, (other than the mandatory amendments), the proposed amendment/s shall be presented to the Shareholders' Assembly for approval.3- In case of absence or any text contained in these Rules & Regulations violating what is or will be stated in the mandatory laws & regulations or the Company's Articles of Association, the mandatory texts of the rules and regulations will automatically and obligatorily replace the absent or violating texts in these Rules & Regulations. |
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