

Audit Committee Report, 2020

Introduction:

The report has been prepared in accordance with the Companies Law and the Corporate Governance Regulations issued by the Board of the Capital Market Authority, and the list of responsibilities and tasks of the relevant Audit Committee approved by the General Assembly.

Formation of the Audit Committee:

The General Assembly approved the selection of the members of the Audit Committee for the period from 01/01/2019 to the end of the current Board session on 12/31/2021.

The Audit Committee held (4) four meetings during the year 2020, the details as following:

| Name | Position | 1 st Meeting 24/03/2020 | 2 nd Meeting 02/06/2020 | 3 rd Meeting 13/08/2020 | 4 th Meeting 04/11/2020 | Total |
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| Mr. Fawaz Al Fawaz | Chairman | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. Saleh Abdul Rahman Al Ismail* | Member | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. Abdul Wahab Ahmad Abed | Member | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. Abdullah Hamd Al Mehthil* | Member | ✓ | ✓ | ✓ | ✓ | 4 |

*Not member of the Board of Directors.



The main tasks and activities carried out by the Audit Committee during the year 2020:

Study and discuss the annual consolidated audited financial statements and the recommendation to the Board of Directors to approve them after reviewing with the company's management and the external auditor to ensure their fairness and compliance with the accounting standards applied by the company. Also raise the recommendation to the Board of Directors to approve the annual financial statements reviewed by the external auditor in preparation for submitting them to the General Assembly for approval.

Study and discuss the report of the external auditor and meet with them regarding the audit plan to verify his independence and the effectiveness of audit work and internal control systems, respond to questions, and ensure that there are no obstacles that may affect the progress of their work.

General supervision of the internal audit department, ensuring its independence, and reviewing the professional methods used to implement its work. In addition to adopting the annual audit plan, following up on its implementation, discussing the periodic reports submitted by the Internal Audit Department on the results of its work and following up on the implementation of corrective measures to enhance the internal control environment in the company. For clarification management is responsible for designing and implementing the internal controls also policies and procedures in the company and making continuous improvements to raise the efficiency and effectiveness of the internal control environment.

Discussing the plan and budget of the internal audit department for the year 2021, expressing comments and approving it.

Study and discuss the proposals submitted by the external audit professional services to review the company's quarterly and annual accounts for the year 2020 also the first quarter of the year 2021 and evaluate them technically and commercially. In addition, the Board was recommended to submit to the General Assembly by selecting one of the external audit candidates from the list of applicants and determining the fees.

The Audit Committee's opinion on the adequacy of the company's internal control system:

Based on the above, the audit committee reviewed the internal control and procedures within the planned and scope of works that have been approved and tested by the Internal Audit Department after discussion with the external auditor and the executive management on the quarterly and annual business results. The audit committee can provide reasonable assurance about the internal control systems in the company and believes there is no weakness or fundamental defect in the internal control systems and policies. To clarify, absolute assurance cannot be given on the effectiveness of any system of control or internal control procedures with complete reliability.

There are no recommendations from the Audit Committee that contradict the decisions of the Board of Directors, or that the Board of Directors rejected any of the recommendations that the Audit Committee proposed to the Board during the year 2020.

Dividends details that will be distributed to shareholders of the company for the fiscal year ending on December 31, 2020, based on the recommendation of the Board of Directors on 08-26-1442 corresponding to 04-08-2021

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| The Total amount distributed | 42,160,000 |
| Number of Shares Eligible for Dividends | 84,320,000 |
| Dividend per share | 0.50 SAR |
| Percentage of Dividend to the Share Par Value (%) | 5 % |
| Eligibility date | 2021/05/26 |
| Distribution Date | 2021/06/14 |

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| Category of the Regulations: | Company's Internal Governance Regulations. | Category No.: | 1 |
| Regulations name: | Governance Regulations | Regulations No.: | 1.01 |
| Regulations approval date: | BOD: 01/05/2018 G General Assembly: 05/06/2018 G | Approval of amendments: | BOD: 23/11/2020 G |

| Article No. | Before amendment | After amendment | Justifications |
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| <p>The numbering system has been unified in all regulations and policies, including the Governance Regulations, so that the numbering is sequential to facilitate reference. Some updates and improvements have been made to all articles of the Regulations, but there are no fundamental changes</p> | | | |
| Introduction | <p>The Governance Regulations (hereinafter referred to as the "regulations") have been prepared for (the Saudi Chemical Company, a Saudi joint-stock company, (hereinafter referred to as "the Company")), in accordance with the provisions of Article ninety four of the Corporate Governance Regulations issued by the Board of the Saudi Capital Market Authority pursuant to its Resolution No. (8-16-2017), dated 16/05 /1438H, corresponding to 13/02/2017 AD, and to the Companies Law issued by Royal Decree No. D/3, dated 28/01/1437 AH, the registration and listing rules and the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint-stock Companies, and pursuant to the Articles of Association of the Company.</p> <p>These Regulations include (113) articles in twelve sections. The first section includes introductory provisions, definitions and some rules on corporate governance. The second section was devoted to the rights of Shareholders and Shareholders' assemblies. The third section is for the Board of Directors' regulations, while the first chapter of the fourth section was devoted to the Company committees and the second chapter thereof was devoted to the Audit Committee and the third chapter for the Nomination and Remuneration Committee. The fourth chapter was devoted to the Risk Management Committee. The fifth section is for internal audit and the sixth section is for the provisions of the Company's External Auditor. The seventh section talked about Stakeholders. The eighth section is about professional and ethical standards and the ninth section is for disclosure and</p> | <p>The corporate governance policy of the Saudi Chemical Holding Company, which is a Saudi joint-stock company, has been prepared according to the following:</p> <ul style="list-style-type: none"> Article 94 of the Corporate Governance Regulations issued by the Board of the Saudi Capital Market Authority pursuant to Resolution No. (16-08-2017), dated /16/05/1438 AH, corresponding to 13/02/2017 G, and its subsequent Amendments. Provisions of the Companies Law issued by Royal Decree No. (D/3), dated 10/11/2015 G, and the Capital Market Authority Law, and their Implementing Regulations. The regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint-stock Companies. Articles of Association of the Company. <p>These Regulations specify the governance rules and standards for the Saudi Chemical Holding Company to ensure compliance with best corporate governance practices and protect the rights of Shareholders and Stakeholders.</p> | Modification of wording and abbreviation |

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| | <p>transparency. The tenth section includes the application of corporate governance. The eleventh section talks about the keeping of documents. The twelfth section is devoted to the concluding provisions, in addition to Annex No. (1), which is the remuneration schedule.</p> | | |
| Section 1: Introductory provisions | Section 1: Introductory provisions | 1. Governance Framework | Amendment of the governance framework |
| | Article 1: Definitions | Definitions | |
| | | 1.1.1 Company: Saudi Chemical Holding Company | Addition of the Company's definition |
| Article 2: | <p>Article 2: Preamble These Regulations specify the governance rules and standards for the Saudi Chemical Company to ensure compliance with best corporate governance practices and protect the rights of Shareholders and Stakeholders</p> | Mentioned in the introduction | |
| Article 3: | Article 3: Objectives of the Regulations | 1.2 Main objectives: | Cancellation of the article wording and arrangement of the policy in points |
| Article 4: | Article 4: Compliance with Corporate Governance | 1.3 Compliance with Corporate Governance. | Amendment of the wording |
| | | <p>4.1 The principle of compliance or clarification of the reasons for non-compliance: The rules, procedures and policies contained in this document constitute guiding principles for the Saudi Chemical Holding Company as a "listed joint-stock company" unless any laws or regulations of the Authority (CMA) and the Ministry of Commerce and Investment or any other regulatory bodies stipulate the mandatory nature of some texts contained in this document, which must not be amended except by a decision of the Board of Directors of the Saudi Chemical Holding Company, or the General Assembly in some cases. The Saudi Chemical Holding Company, in its commitment to corporate governance standards, adopts the approach of "compliance or clarification of the reason for non-compliance" and based on that, all optional "guiding" requirements in the Corporate Governance Regulations issued by the Authority (CMA) remain optional, unless the Authority (CMA) decides to bind companies to it later.</p> | Addition |

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| Category of the Regulations: | Company's Internal Governance Regulations | Category No.: | 1 |
| Regulations name: | Audit Committee Regulations | Regulations No.: | 1.04 |
| Regulations approval date: | BOD: 01/05/2018 G General Assembly: 05/06/2018 G | Approval of amendments: | 17/09/2019 G BOD: 23/11/2020 G |

| Article No. | Before amendment | After amendment | Justifications |
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| Article 1: Introduction | Regulations of the Audit Committee of the Saudi Chemical Company ... etc. | These Regulations have been issued as the "Audit Committee Regulations" of the Saudi Chemical Holding Company | Linguistic amendment |
| Committee objectives: | Not applicable | Committee objectives: 1- Verifying the completeness and adequacy of the internal audit work by reviewing the effectiveness of the arrangements for the Internal Audit Department, and their completeness and adequacy. 2- Verifying the Company's management response to the issues that are identified and monitored through the activity and work of the Committee, especially the internal and external audit work, and verifying its independence. 3- Verifying the Company's acceptance and understanding of the role, work, and value of the internal audit through the established mechanisms such as the Annual Report of the internal audit. 4- Measuring and evaluating the level of effectiveness of control and internal audit systems in the Group. 5- Verifying compliance with regulations, laws, standards, and policies related to the scope of work, tasks and responsibilities of the Committee. | Addition to determine the objectives of the committee |
| Article 2: | Article 2: Audit Committee Duties | Article 3: Formation of the Audit Committee, rules for selecting its members and termination of membership | Advancement of the third article to become the second article |
| Article 2: Committee membership rules and controls: | Article 3: Formation of the Audit Committee, rules for selecting its members and termination of membership | Article 2: Committee membership rules and controls: They are as follows: | Linguistic amendment and addition |

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| | | 1.2.) The number of members of the Audit Committee should not be less than three and not more than five, with at least one specialist in financial and accounting affairs. | Addition as a separate point |
| | 4- The Chairman of the Audit Committee must be an Independent member. | 2.4 The Chairman of the Audit Committee must be an Independent Board Member. | Addition to point No.2.4 |
| | | <p>2.1 If the Committee Chairman is no longer a board member, then he shall not be the chairman of the Audit Committee.</p> <p>2.3 The Committee Chairperson should not have any relationship with any of the Board Members or any Executive Director in the Company.</p> <p>2.4 The Audit Committee shall appoint its Secretary after the approval of the Chairman, and the Secretary shall circulate the agenda and supporting documents to the members of the Audit Committee within a reasonable period of time, usually one week before each meeting.</p> <p>2.5 It is not permissible for any person working or worked in the Company's Financial Department, Executive Management, or for the Company's Auditor account during the past two years, to be a member of the Audit Committee.</p> <p>2.6 Committee members must have the appropriate knowledge, experience, and skills necessary to carry out tasks related to financial and accounting aspects, preparation of financial statements, and how to deal with the Auditor, Internal Auditors, and other appropriate parties.</p> <p>2.7 The Board of Directors shall appoint the members of the Audit Committee for a period of (3) years.</p> <p>2.8 The term of membership of a member in the Committee is related and proportional to the term of the Board session.</p> | Addition |
| Article 3: | Article 3: Formation of the Audit Committee, rules for selecting its members and termination of membership | Article 3: Audit Committee Duties | Modification of the place of the article from the second to the third article |
| | | 1.16.2.) Verifying that control mechanisms are effective within the Company to ensure compliance with relevant laws, regulations, policies. | Addition |
| | | 2.17 Ensuring an effective control framework | Addition |

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| | | The Audit Committee shall be responsible for developing an internal control policy that outlines how the overall control framework is designed and managed. | |
| | | 1.2.) Business risks monitoring 2.1.1.) The Audit Committee shall oversee the effectiveness of the Company's risk management policy. 2.1.2.) The Committee shall supervise the risk register prepared by the Executive Management, and review this register on a periodic basis to ensure that the Management is taking the correct measures to identify, monitor and mitigate business-related risks. | Addition |
| Article 4: | Article 4: Committee meetings and quorum of the meeting | Article 4: Committee meetings and the quorum of the meeting | Rephrasing |
| | 1. In accordance with the provisions of the fourth paragraph of Article 3 above, the members of the Committee shall select a chairperson by the votes of the majority of its members. 2. A member of the Committee or any external person shall be chosen to carry out the duties of the Committee Secretary, who shall be in charge of preparing for the meetings, preparing its minutes, documenting all Committee meetings, and keeping meeting minutes, agendas, and all documents related to them in a special record signed by the Committee Chairman and the Secretary. | It was added to the second article: Committee membership rules and controls: | Deleted for repetition |
| | | The Audit Committee shall meet periodically as necessary to fulfill its duties, and hold at least four meetings every fiscal year, with authorization to hold additional meetings as needed. It must also meet in the following cases: ○ Appointments or dismissals of the External Auditor. ○ Audit scope meetings with Internal and External Auditors. ○ Approval of issuing the Annual Report. ○ Meetings on other issues including: ▪ Financial issues and other issues related to the audit. ▪ Conflict of interest. ▪ Cases of reporting violations raised by the Audit Committee. ▪ New and pending lawsuits against the Company. ▪ Other issues. | Details of the paragraph |

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| | <p>The Committee meetings shall be called by the Committee Chairman, one of the members, or by a decision of the Board of Directors or the Chairman of the Board.</p> <p>6- The Committee shall hold additional meetings if necessary, or in response to the request of the Internal Audit Department or the Auditor. In this case, the Committee Secretary shall be responsible for calling the meeting.</p> | <p>3- The Chairperson and members of the Committee or the Board of Directors can call for Committee meetings. The Internal Auditor and the External Auditor may also call for a meeting with the Audit Committee, as needed.</p> | Amendment of the wording |
| | | <p>2- The Chairman of the Audit Committee, once appointed by the General Assembly, must select a member of the Committee to act as its Secretary.</p> | Addition |
| | <p>7- The Committee Secretary must send the meeting agenda and all documents and information related to the topics that will be discussed in the meeting to the members of the Committee within a period not less than a week before the date of the meeting, in order for the members to study those topics.</p> | <p>7- The Committee Secretary is responsible for distributing the meeting invitation and agenda to all Committee members.</p> | Amendment of the wording |
| | <p>8- The members of the Committee attending the meeting shall sign the minutes of the meeting that include the discussions and opinions that have been presented and the decisions taken by the Committee. The minutes shall be sent to the Chairman of the Board of Directors and the Company Secretary. The Committee member has the right to object to any decision of the Committee, provided that he records his objection in writing in the minutes of the relevant Committee meeting with an explanation of the reason for the objection.</p> | <p>6- The Committee's decisions must usually be taken by consensus on the basis of a majority vote, and in the event of a tie, the Chairman of the Committee shall have a casting vote. If no member agrees to those decisions, he may submit a written memorandum of objection stating his reasons. Said memorandum will be part of the meeting minutes.</p> | Amendment of the wording |
| | <p>8- Members of the committee attending the meeting shall sign the meeting minutes.</p> | <p>8- The sessions of the Audit Committee shall be summarized in minutes, prepared by the Committee Secretary. A draft of such minutes shall be distributed to all members of the Audit Committee.</p> <p>9- Minutes of meetings must be signed by all members present.</p> | Modifying the wording in paragraphs 8 and 9 |
| Article 5: Committee terms of reference | Article 5: Committee terms of reference | Article 5: Committee terms of reference are as follows: | |
| | | <p>5.1.)The Executive Committee has the following rights:</p> <p>5.1.1.)To review Company records and documents.</p> <p>5.1.2.)Requesting any clarification or statement from Board Members or the Executive Management.</p> | Addition in details |

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| | | 5.1.3.) Asking the Board of Directors to call for a General Assembly meeting if the Board impedes its work or if the Company incurs heavy losses or damages. | |
| | b- The members of the Audit Committee will do the following: 1-Participation in all ... etc. 2- Dealing with information | The Committee members have the following duties: | Amendment of the wording |
| | | 5.3.2.) Realizing the market environment in which the Company operates and its strategic and operational objectives. | Addition |
| Article 6: | Article 6: Reports of the Committee | Article 6: Reports of the Committee | No change |
| Article 7: | Article 7: Conflict between the Audit Committee and the Board of Directors | Article 7: Conflict between the Audit Committee and the Board of Directors | Amendment of the wording |
| | If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to take the Committee's recommendation regarding the appointment and dismissal of the Company's Auditor, determining his fees and evaluating his performance or appointing the Internal Auditor, the Board's report must include the Committee's recommendation and justifications, and the reasons for not adopting them. | 7.1 If there is a conflict between the recommendations of the Audit Committee and the Board of Directors, or if the Board refuses to implement the Committee's recommendations, the Board's must issue a report that includes the recommendations and justifications of the Audit Committee, and the reasons that lead the Board of Directors not to follow these recommendations. 7.2 This conflict may relate to the appointment or removal of the External Auditor, approval of costs, evaluation of the performance of the External Auditor. | Amendment of the wording |
| Article 8: Remuneration for Audit Committee members | The remuneration of the members of the Audit Committee will be in accordance with the remuneration determined for the members of the Board of Directors in accordance with the Company's Articles of Association and these Regulations | The remuneration for attending Committee meetings must be paid in accordance with the provisions of the Company's Articles of Association and the remuneration policy approved by the Company. | For reference to remuneration policy |
| Article 9: Concluding provisions- Confidentiality and conflict of interest | Article 9: Concluding provisions - Confidentiality and conflict of interest | It was deleted and referred to in detail in the Board of Directors' Regulations | It was referred to in detail in the Board of Directors Regulations |
| Article 9: General provisions | Article 10: Concluding provisions 2- These Regulations cancel and replace the Audit Committee Regulations within the Company's corporate governance system and Internal Governance Regulations approved by the Chemical Company's Board of Directors on 09/02/2009 G and by the Company's General Assembly on 30/06/2009 G, as amended. 3- These Regulations have been prepared pursuant to the provisions of Paragraph (c) of Article Fifty-Four of the Corporate Governance Regulations issued by the Board of the Capital Market Authority | Article 9: General provisions These Regulations shall be applied under the approval of the General Assembly of the Company. 2- These Regulations shall replace the previous version approved by the Ordinary General Assembly resolution dated 05/06/2018 G, as amended by the Extraordinary General Assembly resolution dated 17/09/2019 G, and will take effect from the date of approval by the General Assembly. 3- Any amendment to these Regulations | Modification of the wording and effectiveness date |

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| | <p>under Resolution No. (8-16-2017) based on the Companies Law issued by Royal Decree No. D/3 dated 28 / 1/1/1437 AH, read with Paragraph (c) of Article (75) of the Saudi Chemical Company Governance Regulations.</p> | <p>must be made according to a decision from the Company's General Assembly based on the recommendation of the Board of Directors. In the absence of legislative amendments, the Audit Committee must evaluate and review this policy after three years from the date of its approval by the General Assembly.</p> | |
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| Category of the Regulations: | Company's Corporate Governance Regulations | Category No.: | 1 |
| Regulations name: | Nomination and Remuneration Committee Regulations | Regulations No.: | 1.05 |
| Regulations approval date: | BOD: 01/05/2018 G General Assembly: 05/06/2018 G | Approval of amendments: | 17/09/2018G 23/11/2020 G |

| Article No. | Before amendment | After amendment | Justifications |
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| Article 1: Introduction | The Regulations of the Nomination and Remuneration Committee for the Saudi Chemical Holding Company has been prepared | Article 1: Introduction The "Regulations of the Nominations and Remuneration Committee emanating from the Company's Board of Directors has been prepared ... | Linguistic amendment |
| Objective | 3- The Nominations Committee ... etc. was established | Objective: The Company's Nomination and Remuneration Committee aims to assist the Board of Directors in performing its tasks and responsibilities efficiently, including: Supervising the remuneration and incentives plan for company employees and following up on their implementation. Overseeing the succession plans of senior leaderships at the company level. Supervising the nomination process for membership of the Board, committees and executive management of the group and ensuring that it is linked to performance. - Managing the process of evaluating the performance of board members and committees. | Determining the policy objectives |
| Article 2: | Article 2: The terms of reference and powers of the Nomination and Remuneration Committee | Article 2: Rules for selecting members of the Nomination and Remuneration Committee, how to nominate them, and their membership term: | Advancement of the fourth article to become the second article |
| Article 2: Rules for selecting members of the Nomination and Remuneration Committee, how to nominate them, and their membership term: | Selecting, forming and terminating the service of members of the Nominations and Remuneration Committee: 1- The committee consists of three non-executive directors, provided that one of them (at least) is an independent board member, and that they are chosen by the majority of votes of the board members. 3-Committee members shall be selected from among the members of the Board of Directors only. 5-Committee members must have the appropriate knowledge, experience, and skill in their interactions with key executives of the company. 6- The Board of Directors may at any time terminate the service of any member of the committee and choose another member. | Rules for selecting members of the Nomination and Remuneration Committee, how to nominate them, and their membership term: 1- The committee is formed by a decision of the board of directors, and the number of its members must not be less than three and not more than five. They shall be chosen from non-executive directors, provided that there is at least one independent board member among them. 2- All members of the Executive Committee shall be appointed by a majority vote of the Board of Directors. -Committee members must have the appropriate knowledge, experience and skills to be appointed as members of the Nomination and Remuneration Committee. -The Board of Directors has the power to dismiss / or replace any or all of the members of the Nomination and Remuneration Committee and choose an alternate member provided that he meets the required criteria, and a committee member may also resign from the committee's | Linguistic amendment and addition |

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| | | membership, provided that this is at an appropriate time. | |
| | | 3- The board of directors shall appoint one of its members as a chairman of the committee, provided that he is an independent member. If this appointment is not made by the board, the members of the committee shall choose from among them a chairperson for the committee, provided that he shall be an independent board member. | Addition |
| | | 9-The company must notify the Authority of the names of the members of the committee, their membership characteristics at the time of their appointment, and any changes that occur during the statutory period specified by the Corporate Governance Regulations issued by the Authority. | Addition |
| Article 3: | The rights and responsibilities of the Nomination and Remuneration Committee | Article 3: Responsibilities of the Nomination and Remuneration Committee and its terms of reference | Modification of the place of the article to the thirteenth article |
| Article 3: Responsibilities of the Nomination and Remuneration Committee and its terms of reference | The terms of reference and powers of the Nomination and Remuneration Committee | Responsibilities of the Nomination and Remuneration Committee and its terms of reference | Linguistic amendment |
| | First: Regarding the nominations of board members and the Executive Management members, the committee shall do the following: From 1 to 15: spelling and linguistic changes | (3.1) With regard to nominations, the committee shall do the following: From point No.: 3.1.1 to 3.1.15: Amendment and linguistic phrasing | Linguistic amendment |
| | | (3.1.16) The Nomination and Remuneration Committee must report to the Board of Directors at the time requested by the Board. | Addition |
| | Article 7: Nomination | (3.2) Concerning the nomination for membership of the Board of Directors | It has been canceled as an article and added as an item under the third article |
| | Second: With regard to the remuneration of board members and the committees emanating from the board and the executive management, the committee shall do the following: From 1 to 5 | (3.3) With regard to remuneration, the committee shall do the following: From (3.3.1) to (3.3.4): linguistic amendment only | Linguistic amendment |
| | | (3.3.2) Clarifying the relationship between the bonuses awarded and the applicable remuneration policy and indicate any material deviation from this policy. | To be put in a separate point |
| | Third: Pursuant to the provisions of Article (83) of the Chemical Company Governance Regulations read together with Article (62) of the Corporate Governance Regulations, the remuneration policy must take the following into account: | (3.4) With regard to ensuring that the nominations and remuneration policy adheres to the corporate governance rules and the corporate governance regulations issued by the Capital Market Authority. The policy must take the following into account: | Linguistic amendment |
| | | (3.4.1) Verifying the company's compliance with the corporate governance rules issued by the | Adding a detail as a point that |

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| | | Capital Market Authority and the company's corporate governance manual and policies. | was included in "Third" |
| | 2- Providing remuneration that urge the board of directors and executive management to make the company successful and to develop it in the long run, such as linking the variable part of remuneration to long-term performance. | (3.4.3) Supports the board of directors and top management by helping them ensure the company's long-term success. | Linguistic amendment and phrasing of the point |
| | 3- Remuneration shall be determined according to the job level... | ()The remuneration policy shall be in line with the standard HR principles for job evaluation and shall take the following into account: Job size, level of responsibility, educational qualifications required for the job applicant, experience, skills, level of individual performance, and market competitiveness | Linguistic amendment |
| | 5- To include a statement of cases | 3.4.6) To ensure that all employees receive remuneration in an ethical and transparent manner and that cases include ... | Addition in details |
| Article 4: Rights and responsibilities | Article 3: Rights and responsibilities of the Nomination and Remuneration Committee | Article 4: Rights and responsibilities | Amending article number and phrasing the paragraph |
| | First: Committee's powers: The committee has the right to: 1-Request documents... 2- Call officials and executives 3- Seeking the services of.... 4- Performing other services... 5- The committee work: it shall review | <u>3-The Nominations and Remuneration Committee has the following powers and responsibilities:</u> <u>3.1) Committee authorities:</u> 3.1.1) The right to investigate any matter that falls within its competencies and tasks, and to request documents and reports 3.1.1) The right to seek legal and technical advice from any external party or any other independent advisory body whenever this is necessary to assist the committee in performing its duties. | Linguistic amendment and rephrasing |
| Article 5: Procedures for the Nomination and Remuneration Committee meetings | | 5.3)Committee meetings shall be scheduled in advance - before the beginning of the designated year - on an annual basis and for the whole year. 5.7) A member of the committee may participate in the committee's meetings by means of modern communication means (audio and video call), in the event that he is unable to attend at all for any emergency reason. 5.11) The board of directors shall monitor the work and performance of the committee through its chairman and through periodic reports that are submitted to the company's board of directors. | Addition in details |
| Article 6: Remuneration of the members of the Nomination and Remuneration Committee | Article 6: Remuneration of the members of the Nomination and Remuneration Committee The procedures for paying etc. have been determined | <u>Article 6: Remuneration of the members of the Nomination and Remuneration Committee</u> The remuneration for attending the meetings of the committee shall be paid in accordance with the provisions of the articles of association of the company and the remuneration policy approved by the decision of the general assembly of the company, provided that the payment of remuneration and its maximum limit shall take into account the provisions of Article (3/76) of the Companies Law. | Amendment and abbreviation to return to the remuneration policy |
| Article 7: General provisions | Article 8: General provisions On 09/02/2009 G and by the Company's General Assembly on 30/06/2009 G | <u>Article 7: General provisions</u> <u>On 05/06/2018 G, as amended according to the resolution of the Extraordinary General Assembly on 17/09/2019 G.</u> | Date of amendment and changing the number of article into 9 |

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| Policy's category: | Company's Internal Governance Regulations | Category No.: | 1 |
| Regulations name: | Policy and criteria for membership in the Board of Directors of the Saudi Chemical Holding Company | Regulations No.: | 1.15 |
| Regulations approval date: | BOD: 01/05/2018 G General Assembly: 05/06/2018 G | Approval of amendments: | BOD: 23/11/2020 G |

| Article No. | Before amendment | After amendment | Observations |
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| Article 1: | <p>Article (1): General introduction</p> <p>1. This policy and criteria have been prepared in accordance with the provisions of the Companies Law promulgated by Royal Decree No. D/3, dated 28/01/1437 AH and the Company's Articles of Association and after reviewing the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint-stock Companies and the registration and listing rules issued by the Capital Market Authority, and pursuant to the provisions of Paragraph Article (22/3) of the Corporate Governance Regulations issued by the Board of the Saudi Capital Market Authority pursuant to Decision No. (8-16-2017), dated 16/05/1438 AH, corresponding to 13/02/2017 G, as read with Article 41(41/3) of the Corporate Governance Regulations of the Saudi Chemicals Holding Company.</p> <p>2. This policy regulates the criteria and procedures for membership in the Board of Directors of the Saudi Chemical Company.</p> <p>3. The Managing Director of the Company and the CEO / General Manager shall be responsible for ensuring that the Company follows the terms and articles contained in this policy and these standards.</p> | <p>Article 1: General introduction</p> <p>1. This policy and criteria have been prepared in accordance with the provisions of the Companies Law promulgated by Royal Decree No. D/3, dated 28/01/1437 AH and the Company's Articles of Association and after reviewing the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint-stock Companies and the registration and listing rules issued by the Capital Market Authority, and pursuant to the provisions of Paragraph Article (22/3) of the Corporate Governance Regulations issued by the Board of the Saudi Capital Market Authority pursuant to Decision No. (8-16-2017), dated 16/05/1438 AH, corresponding to 13/02/2017 G, as read with Article 41(41/3) of the Corporate Governance Regulations of the Saudi Chemicals Holding Company.</p> <p>2. Objective: This policy regulates the criteria and procedures for membership in the Board of Directors of the Saudi Chemical Holding Company.</p> | <p>Addition of the words "objective and the holding. The last paragraph of the present article was deleted</p> |
| Article 2 | <p>Article 2: Nomination for membership of the Board of Directors</p> <p>1. The Company announces - according to the laws and instructions - to those who meet the conditions, that it is possible to nominate for membership of the Board of Directors for the new cycle of the Board for a period of three years, in accordance with the conditions and controls contained in the Companies Law, the Capital Market Authority Law and their Implementing</p> | <p>Article 2: Policy and criteria for membership in the Board of Directors:</p> <p>2. The Board Members must be of professional competence and shall possess the necessary experience, knowledge, skill and independence, in order to be able to carry out his duties efficiently and competently, provided that the General Assembly, when electing board members, shall take into account the recommendations of the Nomination and Remuneration Committee of the Company and the availability of the personal and professional capabilities necessary to perform their duties effectively. The Board Member shall meet the following criteria and conditions, in particular:</p> | <p>The policies and criteria for membership in the Board of Directors have been introduced and merged with Article 5 of the current regulations in</p> |



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| | <p>Regulations, and the Company's Articles of Association and pursuant to the registration and listing rules and the Corporate Governance Regulations.</p> <p>2. The Company shall receive nominations from the Shareholders before the sixty days from the date of the General Assembly in which the new board members will be elected.</p> <p>3. The Board of Directors has the right to add candidates in case the list of candidates, provided by Shareholders, is incomplete.</p> | <p>2.1. Submitting a written application requesting running for membership of the Board of Directors, provided that it includes an introduction to the candidate, his CV, his academic and practical qualifications.</p> <p>2.2. The candidate must submit a statement of the number of companies or institutions in which he is a board member or a partner.</p> <p>2.3. The candidate for membership of the Board must not have been previously convicted of a crime involving breach of honor and trust, and he shall not be insolvent, bankrupt, or become unfit for membership in the Board pursuant to any law or instructions in force in the Kingdom.</p> <p>2.4. No board member may be a board member in more than five listed joint-stock companies in the capital market, simultaneously</p> <p>2.5. That board member shall represent all the Shareholders, and shall adhere to achieving the interest of the Company in general, not the interests of the group he represents or that voted to his appointment to the Board of Directors.</p> <p>2.6. The number of independent board members shall not be less than (3) members, which represents one-third of the members of the Board, as the Company's Board of Directors consists of (9) members.</p> <p>2.7. The Independent Board Members must enjoy complete independence in his position and decisions, and none of the independence attributes stipulated in Article 20 of the Governance Regulations issued by the Authority shall apply to him.</p> <p>2.8. Leadership Ability: That he has leadership skills that qualify him to grant the powers that lead to stimulating performance, application of best practices in the field of effective management, and commitment to professional values and ethics, and the ability of active communication and of strategic thinking and planning.</p> <p>2.9. Qualifications, Skills and Experience: By having the educational qualifications, appropriate professional and personal skills, level of training and practical experience related to the current and future activities of the Company, knowledge of administration, economics, law or governance, in addition to the desire to learn.</p> <p>2.10. Ability to direct others: That he has the technical, leadership, and administrative capabilities, the speed of decision-making, the understanding of the technical requirements related to the work flow, and the ability to strategic direction, long-term planning and a clear future vision.</p> <p>2.11. Financial Knowledge: By being able to read and understand financial statements and reports.</p> <p>2.12. Healthy Fitness: He shall not have a health obstacle that hinders him from carrying out his duties and specializations.</p> <p>2.13. The candidate for membership of the Board shall adhere to the principles of honesty, trust, loyalty, care and concern for the interests of the Company and Shareholders, and shall advance them to his own interest.</p> <p>2.14. The relationship of the Board Member with the Company is a sincere professional relationship. Thus, he must disclose to the Company any significant information before executing any deal or contract with the Company or one of its subsidiaries,</p> | <p>this article. The nomination for membership of the Board of Directors has also been moved and merged in Article Three below</p> |
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| | | <p>2.15. Loyalty is achieved by avoiding dealings that involve conflict of interest while verifying fair dealing and observing the provisions related to conflicts of interest contained in the Governance Regulation.</p> <p>2.16. As for the care and attention, it is to allocate sufficient time to perform the duties and responsibilities entrusted to him under the membership of the Board, in accordance with the provisions contained in the Companies Law, the Capital Market Law and their Implementing Regulations, the Company's Articles of Association and other relevant laws.</p> <p>2.17. The candidate shall be a natural person of no less than twenty-five (25) years old, whether applying in his personal capacity or as a representative of a legal person.</p> <p>2.18. Diversity in academic qualifications and practical experience should be taken into consideration, and priority should be given to nomination for the needs of those with the appropriate skills for membership of the Board of Directors.</p> <p>2.19. A board member must resign before the end of his term in the Board of Directors, in the event that he loses his eligibility to work as a board member, if he becomes unable to carry out his business, or is unable to allocate the time or effort necessary to perform his duties in the Board, but in the event of conflict of interests, he is free to choose whether to obtain a permit from the General Assembly, to be renewed each year, or to submit his resignation.</p> | |
| <p>Article 3</p> | <p>Article 3: Nomination documents</p> <p>a. The nomination documents shall include the following:</p> <ol style="list-style-type: none"> 1. The candidate's quadruple name and his date of birth. 2. A copy of the candidate's identity card. 3. Contact numbers, including mobile, email, phone and fax numbers. 4. Capital Market Authority Form No. (3) after filling it out. 5. The scientific certificates the candidate obtained, the date on which each certificate was obtained, and the educational authority that granted it. 6. The candidate's professional experience, including the positions he held during the past ten years. 7. List of companies and entities with which the candidate has a relationship or interests. 8. List of relatives of the candidate for membership of the Board of Directors, as defined in the Corporate Governance Regulations issued by the Capital Market Authority, and its Amendments. <p>a. The candidate for membership of the Board of Directors can submit his nomination documents through:</p> <ol style="list-style-type: none"> 1. - Registered mail to the Company's head office address. | <p>Article 3: Nomination for membership of the Board of Directors</p> <ol style="list-style-type: none"> 3.1. The Company announces - according to the laws and instructions - to those who meet the conditions, that it is possible to nominate for membership of the Board of Directors for the new cycle of the Board for a period of three years, in accordance with the conditions and controls contained in the Companies Law, the Capital Market Authority Law and their Implementing Regulations, and the Company's Articles of Association. 3.2. Each Shareholder has the right to nominate himself or another person (or other persons) for membership in the Board based on his percentage share in the Company's capital. 3.3. The Company must receive nominations from Shareholders and candidates sixty days before the General Assembly meeting. 3.4. The Board of Directors has the right to add candidates in case the list of candidates, provided by Shareholders, is incomplete. 3.5. Shareholders who submit their nominations for membership of the Board of Directors must either submit it via the registered mail address of the Company or hand it over to the Secretary of the Board and obtain a receipt, or by e-mail. 3.6. The nomination documents that must be submitted in writing and include the following: <ol style="list-style-type: none"> 3.6.1. The candidate's quadruple name and his date of birth. 3.6.2. A copy of the candidate's status or identity card. 3.6.3. Contact numbers, including mobile, email, phone and fax numbers. 3.6.4. Capital Market Authority Form No. (3) after filling it out. 3.6.5. The candidate's academic certificates, including the date obtained and the awarding body. 3.6.6. The candidate's professional experience, including the | <p>The second, third and fourth articles were combined in this article to become one article</p> |



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| | 2. Hand delivery to the Company Secretary and obtaining a receipt. | <p>positions held during the last ten (10) years.</p> <p>3.6.7. List of companies and entities with which the candidate has a relationship or interests.</p> <p>3.6.8. List of relatives of the candidate for membership of the Board of Directors, as defined in the Corporate Governance Regulations issued by the Board of the Capital Market Authority, and its subsequent Amendments.</p> <p>3.7. The Company's Nomination and Remuneration Committee shall review the submitted nominations and determine the candidates whom it recommends to the Board of Directors to be included in the list of candidates, within two weeks of the date stipulated in Paragraph (3.2) of this Article.</p> | |
| Article 4 | <p>Article 4: Review of nominations</p> <p>The Company's Nomination and Remuneration Committee shall review the submitted nominations and determine the candidates whom it recommends to the Board of Directors to be included in the list of candidates, within two weeks of the date stipulated in Paragraph (2) of Article (2) above.</p> | <p>Article 4: The General Assembly voting on the candidates</p> <p>4.1. Voting in the General Assembly is restricted to those who have been approved by the Board of Directors for membership of the Board after they have fulfilled all the statutory requirements and conditions set forth in this policy.</p> <p>4.2. A person with legal capacity, who is entitled according to the Company's Articles of Association to appoint his representatives to the Board of Directors, may not vote on the selection of candidates for membership in the Board of Directors.</p> | Article 6 of the current regulations has replaced Article 4 thereof |
| Article 5 | <p>Article 5: Conditions and criteria for candidacy for membership</p> <ol style="list-style-type: none"> 1. Submitting a written application requesting running for membership of the Board of Directors, provided that it includes an introduction to the candidate, his CV, his academic and practical qualifications. 2. Submitting a statement of the number of companies or institutions in which he is a board member or a partner. 3. The candidate shall not hold a membership in the board of directors of more than five listed joint-stock companies simultaneously. 4. The candidate shall not have any interest or participate in any work that would compete with the Company activity according to the provisions of the Companies' Law. 5. That board member shall represent all the Shareholders and shall adhere to achieving the interest of the Company, not the interest of the group he represents or that voted his appointment to the Board of Directors. 6. Sufficient time must be allocated to perform the tasks and works assigned to him for the membership of the Board | <p>Article 5: Election of board members and termination of their membership:</p> <ol style="list-style-type: none"> 5.1. The Ordinary General Assembly shall elect board members for a period of three years as stipulated in the Articles of Association of the Company. 5.2. Upon the expiration of the three-year period, a board member may be re-elected for a new term. 5.3. The Ordinary General Assembly has the power to dismiss all or specific board members in accordance with the provisions of Article 68/3 of the Companies Law. 5.4. In the event that there is a vacancy in the Board, the Board may, in accordance with the provisions of Article (70/1) of the Companies Law, appoint a temporary member to fill the vacant position. The Ministry of Commerce and the Capital Market Authority must be notified within (5) working days from the date of appointment. Then, this appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new board member shall complete the remaining term of his predecessor. 5.5. If the number of directors who can attend Board meetings is less than three, according to Article (70/2) of the Companies Law and the Company's Articles of Association, an Ordinary General Assembly must be held within (60) days to elect the necessary number of board members. The remaining board members may not take any other decision regarding the Company until the General Assembly is held. 5.6. The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of those of its members who are absent from attending 3 (three) successive meetings of the Board without a legitimate excuse. 5.7. The membership of a board member shall end for any of the following: <ol style="list-style-type: none"> 5.7.1. The expiration of the term of the Board, resignation, death or dismissal by a decision of the General Assembly. 5.7.2. Conviction for a crime involving breach of honor and trust. | An article was introduced for election members of the board and termination of their membership to become the fifth article, and the current article five was merged into the amended second article |

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| | | <p>5.7.3. If he is ruled bankrupt or becomes unfit for membership in the Board according to any law or instructions in force in the Kingdom.</p> <p>5.8. Upon the termination of the membership of the Board of Directors for any reason, the Company must, according to the statutory terms, notify the Capital Market Authority, and explain the reasons.</p> | |
| Article 6 | <p>Article 6: The General Assembly voting on the candidates</p> <ol style="list-style-type: none"> Voting in the General Assembly is restricted to those who have been approved by the Board of Directors for membership of the Board after they have fulfilled all the statutory requirements and conditions set forth in this policy. A person with legal capacity, who is entitled according to the Company's Articles of Association to appoint his representatives to the Board of Directors, may not vote on the selection of candidates for membership in the Board of Directors. | <p>Article 7: Membership expiry</p> <p>The membership of a board member ends for any of the following:</p> <ol style="list-style-type: none"> The expiration of the term of the Board, resignation, death or dismissal by a decision of the General Assembly. Conviction for a crime involving breach of honor and trust. If he is ruled bankrupt or becomes unfit for membership in the Board according to any law or instructions in force in the Kingdom. | <p>The current Article Six has been transferred to Article Four of the amended policy, and the current Article Seven has been transformed into the Amended Article Six</p> |
| Article 7: | <p>Article 7: Membership expiry</p> <p>The membership of a board member ends for any of the following:</p> <ol style="list-style-type: none"> The expiration of the term of the Board, resignation, death or dismissal by a decision of the General Assembly. Conviction for a crime involving breach of honor and trust If he is ruled bankrupt or becomes unfit for membership in the Board according to any law or instructions in force in the Kingdom. | <p>Article 6: Concluding provisions:</p> <ol style="list-style-type: none"> These Regulations shall be effective in accordance with its approval decision by the General Assembly. This policy replaces the previous version of the approved policy according to the decision of the Board of Directors on 01/05/2018, and in accordance with the decision of the Twenty-second Ordinary General Assembly held on 05/06/2018. In the event of any inconsistency between the provisions of these Regulations and the provisions of the Saudi Chemical Holding Company Governance Regulations and the Corporate Governance Regulations issued by the Board of the Capital Market Authority, the provisions of the latter shall prevail. Any amendment to these Regulations must be made according to a decision from the General Assembly. If there are no legislative amendments of the Company's policy that require modification of this policy, the Audit Committee must evaluate and review it three years after the date of its approval. | <p>The current Article 7 has been transferred to Article 6 above in the amendment, and Article 8 has been transformed into Article Seven</p> |
| Article 8: | <p>Article 8: Concluding provisions</p> <ol style="list-style-type: none"> This policy shall be effective in accordance with its approval decision by the General Assembly. Any amendment to these Regulations must be made according to a decision from the General Assembly. If there are no legislative amendments of the Company's policy that require modification of this policy, the Audit Committee must evaluate and review it three years after the date of its approval. | | <p>Transferred into Article 7 above</p> |

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| Policy's category: | Company's Corporate Governance Regulations | Category No.: | 1 |
| Policy's name: | Remuneration Policy of the Board of Directors | Policy number: | 1.06 |
| Policy approval date: | BOD: 01/05/2018 G General Assembly: 05/06/2018 G | Approval of amendments: | 17/09/2019 G BOD: 23/11/2020 G |

| Article No. | Before amendment | After amendment | Justifications |
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| Article 1: General introduction | <p>1. This policy has been prepared in accordance with the provisions of the Companies Law promulgated by Royal Decree No. D/3, dated 28/01/1437 AH and the company's articles of association and after reviewing the regulatory controls and procedures issued in implementation of the Companies Law for listed joint-stock companies and the registration and listing rules issued by the Capital Market Authority, under resolution no. (8-127-2016), dated 17/10/2016 G, and pursuant to the provisions of paragraph Article (22/3), (61) and (62) of the Corporate Governance Regulations issued by the Board of the Saudi Capital Market Authority pursuant to Decision No. (8-16-2017), dated 16/05/1438 AH, corresponding to 13/02/2017 G, as read with Article 41 and Paragraph 14 of Article 82 of the corporate governance regulations of the Saudi Chemicals Company.</p> <p>2. This policy regulates the standards and procedures specified for the remuneration of board members and the committees emanating from the Board of Directors and the executive management of the Saudi Chemical Holding Company.</p> <p>3 1. 2 The Managing Director of the company and the CEO / General Manager shall be responsible for ensuring the company follows the terms and materials contained in this policy.</p> <p>4. The Remuneration and Nominations Committee has prepared this policy in accordance with Article (1 / 61) of the Corporate Governance Committee Regulations issued by the Board of the Capital Market Authority.</p> | <p>The "Remuneration Policy for the Board of Directors, its Committees and the Executive Management of the Saudi Chemical Holding Company (" Chemical Holding "or" The Company ") has been prepared to establish a fair and coordinated framework for managing all remuneration in accordance with Paragraph (1) of Articles (61) and (62) of the Corporate Governance Regulations, issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017), dated 16/05/1438 AH corresponding to 13/02/2017 G, which stipulates that the Remuneration and Nominations Committee shall "prepare a clear policy for the remuneration of board members and the committees emanating from The Board and Executive Management, and shall submit it to the Board of Directors for consideration in preparation for approval by the General Assembly.</p> | Update |
| Objective | No applicable | Objective: This policy aims to attract talented professionals to serve on the Board of Directors of the Saudi Chemical Holding Group, its committees, and executive management, by adapting incentive plans and performance programs related to remuneration, in a way that | Determination of the objective of the policy |

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| | | contributes to improving the company's performance and serving the interests of its shareholders in the best way. | |
| Scope | No applicable | This policy regulates the standards and procedures specified for the remuneration of board members and the committees emanating from the Board of Directors and the executive management of the Saudi Chemical Company. The Nomination and Remuneration Committee is responsible for ensuring that the company follows the terms and conditions mentioned in this policy. In this policy, reference has been made to the human resources policy that governs how employees are managed. It is referred to in relation to the executive management of the company, but it does not apply to non-executive directors. | Addition |
| Article 2: Remuneration policy standards and procedures: | 2.1- The remuneration shall be based on the recommendation of the Nomination and Remuneration Committee. | The Remuneration and Nominations Committee is concerned with recommending to the Board the remuneration of board members, members of committees, and senior executives of the company, in accordance with the approved standards, as follows: board members are not allowed to vote on the item of remuneration of board members at the General Assembly meeting. As follows: | Detailed amendment |
| | 2,3- Following standards related to performance, disclosing them and verifying their implementation. | | Repetition |
| | 2.4- Clarifying the relationship between the bonuses awarded and the applicable remuneration policy and indicate any material deviation from this policy | | Not a standard criterion |
| | 2.5. This policy shall be consistent with the company's strategy and objectives, and with the size, nature, and degree of risks of the company | 3. This policy supports the company's strategy and objectives in relation to attracting, developing and retaining talents. | Linguistic amendment |
| | 2.6- The remuneration shall be fair and appropriate with the board member's competencies, works, and with the responsibilities born by the board member etc. | Remuneration is fair and considers the achievement of targets and key performance indicators set for the fiscal year and the company's market-balanced performance. | Linguistic amendment |
| | 2.9- The remuneration of the board members may vary in their value to reflect the board member's experience, specializations, the tasks assigned to him, his independence, the number of sessions he attends, and other such considerations. | -6 The remuneration of the members of the Board of Directors may vary to reflect the member's experience, competencies, tasks assigned to him, his independence, the number of sessions he attends, and other considerations. 3. | Linguistic amendment |
| | 2.10- The remuneration of the independent members of the board of directors shall not be a percentage of the profits achieved by the company, or that it is based directly or indirectly on the profitability of the company. | 6. Considering that the remuneration of the independent members of the board of directors is not a percentage of the profits achieved by the company, or that it is based directly or indirectly on the profitability of the company. | Linguistic amendment |
| | 2.12- If the audit committee or authority finds that the remuneration paid to any board member is based on incorrect or misleading information presented to the general assembly or included in the annual board report, he must return them to the company and the company has the right to ask him to return them without | 8- If the audit committee or the Board finds that the remuneration paid to any board member is based on incorrect or misleading information that was included in the annual report of the board of directors, the concerned board member must return the remuneration to the company immediately. 9- The company has the right to request the return of the remuneration without prejudice to the liability that falls | Linguistic amendment and separated into two separate points |

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| | prejudice to the responsibility of the board member for any damage incurred by the company or its shareholders or any other related persons as a result of this incorrect or misleading information. The same restriction mentioned in this paragraph applies also to the remuneration of the senior executives of the company. | on the board member as a result of any damage that may occur to the company or its shareholders or any other related persons as a result of this incorrect or misleading information. The same conditions mentioned in this paragraph also apply to the remuneration of the company's senior executives also. This is to prevent the exploitation of the employment situation to obtain undue remuneration . | |
| | 2.13- Providing remuneration that urges the board of directors and executive management to make the company successful and to develop it in the long run, such as linking the variable part of remuneration to long-term performance. | 10- Remuneration should encourage board members and executive management members to lead the company for long-term success and growth. The use of performance-based remuneration for executive management has been designed with this goal in mind. | Linguistic amendment |
| | 2.14 Attracting, maintaining and motivating professional competencies without exaggerating them. | Delete | Content duplication |
| | No applicable | 11- The HR policy will also govern the remuneration of top executives. | Addition in details |
| | 2.17 The recommendation issued by the Nomination and Remuneration Committee must be related to remuneration for board members and the committees emanating from it and the senior executives of the company in accordance with this policy. | Deleted | Repetition |
| Article 3: Remuneration of board members | 3.2 Board members may not vote on the board directors' remuneration item in the general assembly meeting. | Deleted | Repetition |
| | 18. The remuneration of the board members shall be determined in accordance with Article [20] etc. | . "If the remuneration of the board members is a percentage of the profits, the provisions of Paragraph (2) of Article (76) of the Companies Law and the Articles of Association of the company must be observed." | Addition in details |
| | 3.5. Benefits in kind: They consist of an allowance for attending board and committee meetings, as follows: | Deleted | Amendment of the wording |
| | 3.4.2 An allowance for attending the meetings of the Board of Directors or its committees is 3,000 riyals for each member for each session | ... or the allowance for attending the meetings of the Board of Directors or its committees of (3,000) three thousand Saudi riyals for each member for each session attended by the member. - (19.2) Annual remuneration of (SAR 100,000) one hundred thousand Saudi riyals for members of the committee emanating from the board of directors. The remuneration must be paid in proportion to the members' attendance at committee meetings. - (19.3) The total amount of annual remuneration for any member of the Board of Directors must not exceed the amount of (500,000) five hundred thousand Saudi riyals for each financial year as a maximum, in accordance with the provisions of Article (76) of the Companies Law. | Addition and modification of the wording |
| | Variable remuneration: | (20) Variable remuneration The variable remuneration mechanisms can be used to provide additional compensation to board members through one of the following means: - Shares awarded to the chairman and members of the board of directors - Long-term bonus plans, subject to approval. | Addition and detail |

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| | | <ul style="list-style-type: none"> - Short term bonus plans, subject to approval. - Where the variable bonus used in 16.1.2 and 16.1.3, is based on the percentage of profitability of the company, it may not be applied to independent board members. - The variable remuneration for board members shall remain subject to the maximum annual remuneration referred to in paragraph (17.5) above, which amounts to (500,000) five hundred thousand Saudi riyals for each board member. | |
| | 3.7 Expense Compensation ... | (21) Compensation for expenses The following allowances will be paid to the board members to cover their expenses related to board meetings and board committee meetings. | Amendment of the wording |
| Article 4: Executive management | 3.7.1 A lump sum of three thousand riyals (3.000) Saudi riyals is spent for each member attending the meeting as compensation for housing, food, transportation, etc. when attending a meeting of the Board of Directors or the Executive Committee outside the city of Riyadh (the company's head office) or in any other city within the Kingdom, in addition to a first-class return air ticket from Riyadh to the city in which the meeting will be held, or its equivalent value. | (21.1.1) An amount of (SAR 2000) two thousand Saudi riyals will be paid to each board member or one of the board committees when a meeting is held within the borders of the Kingdom of Saudi Arabia. This shall be classified as a payment for a one-day task | Amendment of the wording |
| | 3.7.2 A lump sum of three thousand (3.000) US dollars is paid as compensation for accommodation, food, and transportation and other expenses for each board member while attending the meeting of the Board of Directors or the Executive Committee outside the Kingdom for each meeting in addition to a first-class return ticket from Riyadh to the city in which the meeting is held, or the equivalent value of the ticket. | (21.1.2) An amount of (3000) three thousand Saudi riyals will be paid daily to each board member or member of one of the board committees when a meeting is held within the borders of the Kingdom of Saudi Arabia. The day before and the day after the meeting must be included in the number of days when calculating the payment. | Amendment of the wording |
| | 3.7.3 Upon the request of the Chairman of the Board of Directors or the Chairman of the Executive Committee to hold a meeting of the Audit Committee or the Nomination and Remuneration Committee outside the city of Riyadh or the participation of any of the members of the Audit Committee or the Nomination and Remuneration Committee or all of them in a meeting of the Board of Directors or the Executive Committee outside the city of Riyadh, the member of the Audit Committee or of Nomination and Remuneration Committee shall be compensated for expenses similar to the board members, as mentioned in paragraph (3.7.1) above. | Deleted | |
| | 3.7.4 Compensations for the expenses mentioned above in paragraphs (3.7.1) and (3.7.2) shall be disbursed only once if more than one meeting is held on the same day and place. | (21.1.3) The compensation for expenses specified in points 21.1.1 and 21.1.2 must be paid only once if more than one meeting is held on the same day and at the same time. | Amendment of the wording |

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| | 3.8 Annual fixed remuneration must be disbursed based on the member's attendance rate at meetings. Fixed remuneration must be paid for attending meetings, for each meeting. | Deleted | |
| | 4.1.1 The Nomination and Remuneration Committee shall be responsible for determining the remunerations and privileges of the Managing Director / General Manager and directors of departments in the company. | (22.1.1) The Nomination and Remuneration Committee is responsible for determining the rewards and benefits of the Group CEO and members of the executive management. | Amendment of the wording |
| | 4.1.2 Salaries under employment contracts in accordance with the provisions of the Saudi Labor Law and its implementing regulations and related laws. | (22.1.2) All paid salaries and employment contracts for members of the executive management team must be subject to the provisions stipulated in the Saudi Labor Law and related laws. | Amendment of the wording |
| | 4.1.3 This includes the salary scale and compensation for the employees of the company; Basic wage, major allowances (housing and transportation), medical insurance, end of service benefits, and various benefits in kind as well as performance-based compensation/incentive schemes. | (22.1.3) The base salary and other benefits (such as housing benefits, healthcare, and end of service benefits) and all other allowances and benefits mentioned in the HR policy must be competitive with other companies in the region in order to attract, retain and motivate employees. | Amendment of the wording |
| | 4.2 Variable remuneration: It may include the following: | (22.2) Variable remuneration: (22.2.1) The variable remuneration mechanisms can be used to provide additional compensation to members of the executive management through one of the following means and according to the approval of the Board: | Amendment of the wording |
| | 4.2.1 Awarded Shares 4.2.2 Long-term bonus plans 4.2.3 Short-term bonus plans | (22.2.1.1.) Shares granted by the chairman and members of the board of directors (22.1.2) Long-term bonus plans (22.1.3) Short term bonus plans (22.1.4) Regular employee retention bonus plans (22.1.5) The Nomination and Remuneration Committee will review the bonus plans referred to above which must be approved by the Board of Directors and will form part of the annual budgeting process. (22.1.6) Amendments can be made to the bonus plans during the fiscal year, but this will require board approval. | Modification of the wording and detailed addition |
| | 4.2.4 Benefits 4.2.5 Periodic remuneration | Deleted | |
| | 4.3 The travel and accommodation expenses and miscellaneous charges - related to the performance of responsibilities and training - shall be paid to the senior executives in accordance with the boarding policy in force in the company. | (22.3.1) Travel and subsistence expenses related to executives' fulfillment of their responsibilities must be paid in accordance with the human resources policy. | Amendment of the wording |
| Article 5: Disclosure | No applicable | (24) This disclosure will include details related to the remuneration and compensation paid to board members and senior executives, and the disclosure will form part of the annual report that will refer to this policy. | Addition |