

# التصنيـف TASNEE

Proposed Amendments to the Bylaws of  
National Industrialization Company  
(TASNEE)

## Proposed Amendments to the Bylaws

Article	Current provision	Proposed provision
<p><u>(2)</u> <u>The</u> <u>Company</u> <u>purposes:</u></p>	<p>The purposes of the Company shall be</p> <p>2-1 To transfer advanced industrial technology to the Kingdom of Saudi Arabia in particular and the Arab region in general in the fields of petrochemical processing industries, chemical industries, engineering and mechanical industries.</p> <p>2-2 To contribute to the expansion of the Kingdom's export base by exporting the Kingdom's manufactured products to other countries.</p> <p>2-3 To contribute to the diversification of the sources of national income through the development of large-scale industries, taking advantage of the comparative advantages available in the Kingdom.</p> <p>2-4 To achieve a higher degree of self-sufficiency and contribute to increasing the degree of economic independence in the fields of consumption, production and technical industrial services.</p> <p>2-5 To contribute to highlighting, confirming, consolidating and developing the self-capacity and capabilities of the Kingdom of Saudi Arabia, achieving integration among the productive sectors and their Saudization, and working to reduce the degree of their dependence on the import sector.</p> <p>2-6 To strengthen industrial and technical cooperation among the GCC countries and with Arab countries in general.</p> <p>2-7 To achieve the highest possible return on the economic resources it invests, as they contribute to the positive development of national income and provide a rewarding return on invested capital. To this end, the Company shall:</p> <p>(a) Establish advanced industries in the fields of petrochemical conversion industries and in the fields of chemical industries, engineering and mechanical industries and complementary industries, and provide technical and advisory support and services to these industries to confirm their success and ensure their continued technical development.</p> <p>(b) Establish companies in all their forms to carry out, assist in carrying out or manage their industrial projects, including mining and quarrying.</p> <p>(c) Manage factories and the development of self-management capabilities to serve the national industrial sector in general.</p> <p>(d) Acquire industrial technology through procurement and cooperation with its owners or developers.</p> <p>(e) Establish industrial maintenance and industrial inspection capacity development projects to serve the Company's industrial projects and industrial projects in the Arab region.</p> <p>(f) Develop industries for the production of capital spare parts, parts, machinery and equipment.</p> <p>(g) Self-development of industrial technology in possible fields by strengthening research and development capacity, encouraging innovation and inventive talents, and establishing specialized research and development laboratories.</p> <p>(h) Establish industries that are horizontally or vertically complementary to its industry or other local industries by participating in and contributing to them with other companies and institutions or with individuals or alone.</p> <p>(i) Develop sources of local raw materials, alone or in cooperation with various productive sectors.</p> <p>(j) Cooperate with the local commercial sector and working to meet the needs and strengthen its activity to serve local markets and acquire foreign markets.</p> <p>(k) Own real estate and construct the buildings and warehouses necessary for the preservation and storage of the products of the industrial projects and the exhibitions necessary for their display, as well as for other aspects that the company needs to use for the production, storage, display, sale, purchase, import and export.</p>	<ol style="list-style-type: none"> <li>1. Head office activities (supervision and management of other units in the company or establishments)</li> <li>2. Activities of holding companies (i.e. units that acquire assets with a controlling interest in the capital of a group of subsidiaries and whose main activity is to own that group).</li> <li>3. Research and development in engineering and technology.</li> <li>4. Manufacture of refined petroleum products.</li> <li>5. Manufacture of basic chemicals.</li> <li>6. Manufacture of other chemical products not classified elsewhere.</li> <li>7. Downstream industries.</li> <li>8. Manufacture of plastics and synthetic rubbers in their primary forms.</li> <li>9. Manufacture of Polyethylene.</li> <li>10. Manufacture of Propylene.</li> <li>11. Manufacture of plastics (elastomers) in their primary forms.</li> <li>12. Manufacture of batteries and accumulators.</li> <li>13. Mining of other non-ferrous mineral ores.</li> <li>14. Mining of non-ferrous metal ores, including (aluminum, copper and lead).</li> <li>15. Wholesale of chemicals.</li> <li>16. Wholesale of plastic raw materials, rubber and synthetic fibers.</li> <li>17. Provide marketing services on behalf of others</li> </ol>

## Proposed Amendments to the Bylaws

Article	Current provision	Proposed provision
<p><u>(6-4)</u> <u>Issuance of preferred shares</u></p>	<p>1-The company may, after the approval of the competent authority, issue a preferential name that does not give the right to vote, not exceeding 10% of its capital. The said shares shall be arranged for their owners in addition to the right to participate in the net profits distributed to the shares as follows: ...</p>	<p>1.One type or class of shares may be converted into another type or class. 2.The conversion of one type or class of shares into another type or class shall require the approval of the Extraordinary General Assembly, except in cases where the resolution to issue shares provides for their automatic conversion into another type or class upon the fulfillment of certain conditions or after the expiration of a certain period. 3.The provisions of Article (110) of the Companies Law shall apply in cases where the conversion results in the modification or cancellation of the rights and obligations attached to the type or class of share. 4.Ordinary or preferred shares, or any class thereof, shall not be converted into redeemable shares, or any class thereof, unless with the consent of all the shareholders of the Company.</p>

## Proposed Amendments to the Bylaws

Article	Current provision	Proposed provision
(11) <u>Capital increase</u>	<p>2. The shareholder who holds the share - at the time of issuance of the General Assembly's decision approving the capital increase - has priority in subscribing to the new shares issued in exchange for cash. They are informed of their priority - if any - by publishing in a daily newspaper or by informing them by registered mail of the decision to increase the capital and the conditions for subscription. Its duration, start and end dates.</p> <p>3. The Extraordinary General Assembly may stop the application of the pre-emptive right vested in shareholders to subscribe to the capital increase against cash contribution or may vest such right in persons other than the shareholders in cases it believes appropriate for the Company's interest. <u>In cases where the Extraordinary General Assembly has not stopped the work of the right of priority to shareholders, the new shares for the capital increase shall be distributed to the holders of priority rights to those who have requested to subscribe to them in proportion to their priority rights of the total priority rights resulting from the capital increase, provided that they do not exceed what they obtain from the new shares. The rest of the new shares shall be distributed to the holders of priority rights who have requested more than their share in proportion to their priority rights of the total priority rights resulting from the capital increase, provided that they do not exceed what they obtain from the new shares. The remainder of the shares shall be offered to others at nominal value or at nominal value plus an issuance premium, unless the Extraordinary General Assembly decides or the Capital Market Law stipulates otherwise.</u></p>	<p>The Extraordinary General Assembly may decide to increase the Company's capital; provided that the capital has been fully paid. The capital is not required to be paid in full, if the unpaid portion thereof relates to shares issued in exchange for the conversion of debt instruments or financing instruments into shares and the prescribed period for conversion into shares has not expired yet.</p>


**Proposed Amendments to the Bylaws**

Article	Current provision	Proposed provision
<u>(12-4) Capital reduction</u>	"If the reduction of the capital is the result of an increase in the need of the company, creditors shall be invited to express their objections to it <u>within sixty days from the date of publication of the decision...</u> "	"If the reduction of the capital is the result of an increase in the company's needs, the creditors must be invited to express their objections, if any, to the reduction at least (forty-five) days before the date fixed for holding the Extraordinary General Assembly to decide on the reduction, ..."
<u>(13-1) Composition of the Board of Directors</u>	The company shall be managed by a board of <u>ten members</u> appointed by the Ordinary General Assembly for a period of <u>three years...</u> "	The company is managed by a board composed of 10 Members appointed by the Ordinary General Assembly for a term of 4 Years.
<u>Article (13-3) Composition of the Board of Directors</u>	"board membership shall end at the end of the its term, and if the seat of one of the board members becomes vacant, <u>the board may appoint - temporarily - a member to the vacant position according to the order in which votes are obtained, provided that he is one of those who possess experience and competence, and the Ministry must be informed of this, as well as the Authority</u> <u>If the company is listed on the financial market, within five working days from the date of appointment,</u> the appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member shall complete the term of his predecessor on the Board.	If a vacancy occurs on the Board of Directors as a result of the death or resignation of one of its members, and if such vacancy does not result in a breach of the conditions necessary for the validity of the Board of Directors' meeting because the number of its members falls below the minimum number, the Board of Directors may (temporarily) appoint another member of the Board of Directors, the Board of Directors may (temporarily) appoint a person with experience and competence to the vacant position, provided that it informs the Commercial Register and the Capital Market Authority within (fifteen) days from the date of the appointment, and that the appointment is submitted to the Ordinary General Assembly at its first meeting, and the appointed member completes the term of office of his predecessor.
<u>(14-1) Meetings of the Board of Directors</u>	"..., and the Chairman of the Board shall invite the Board to convene in an urgent special meeting <u>if requested to do so by two members....</u> "	<ol style="list-style-type: none"> <li>1.The Board meets at least (four) times a year at the invitation of the Chairman. The Chairman shall convene the Board of Directors at the written request of any member of the Board of Directors to discuss one or more matters.</li> <li>2.The Board of Directors shall determine the venue of its meetings, and it may be held using modern technology.</li> </ol>





## Proposed Amendments to the Bylaws

Article	Current provision	Proposed provision
<p><u>(14-10) Board of Directors' remuneration</u></p>	<p><u>C- The remuneration of the member of the Board of Directors may consist of a lump sum disbursed annually, and the remuneration may also be part of the annual net profits of the company. If the remuneration allocated to the members of the Board of Directors is part of the net profits, it must be taken into account that the amount of the remuneration shall not exceed 10% of the rest after deducting the expenses, depreciations and precautions decided by the Assembly, in application of the provisions of this Law or the provisions of the Companies Law, and after distributing a profit to the shareholders of not less than 5% of the company's capital. In all cases, the total remuneration or financial or in-kind benefits received by the member may not exceed (500,00) five hundred thousand Saudi riyals annually, provided that the entitlement to this remuneration is commensurate with the number of sessions attended by the member.</u></p>	<p>1-The remuneration of the member of the Board of Directors shall consist of a lump sum, an attendance allowance for the sessions, in-kind benefits, or a certain percentage of the net profits. Two or more of the above may be combined. The Remuneration Policy determines the compensation and remuneration to which each member of the Board is entitled, which must take into account the relevant provisions contained in the Companies Law and the Corporate Governance Regulations.</p> <p>2- The Board of Directors' report to the Ordinary General Assembly at its annual meeting must include a comprehensive statement of all that each member of the Board of Directors received or was entitled to receive during the fiscal year in terms of bonuses, allowance for attending sessions, allowance for expenses, and other benefits. It shall also include a statement of what the members of the board have received as workers or administrators or what they have received in exchange for technical or administrative work or consultations, and it shall also include a statement of the number of meetings of the board and the number of meetings attended by each member.</p>
<p><u>(16-1) Shareholders' Assembly</u></p>	<p>The properly constituted General Assembly includes all shareholders <u>and may only be held in the city of Riyadh.</u></p>	<p>The General Assembly may be held by means of modern technology and the shareholder may participate in the deliberations and voting.</p>




**Proposed Amendments to the Bylaws**

Article	Current provision	Proposed provision
<p><u>(New Article) Passing Board Resolutions</u></p>	<p>-</p>	<p>The Board of Directors of the Company may issue its decisions on urgent matters by presenting them to all members by passing, unless one of the members requests - in writing - a meeting of the Board to deliberate on them. Such resolutions shall be made by a majority vote of its members. Such resolutions shall be submitted to the Board at its first subsequent meeting for incorporation in the minutes of that meeting.</p>
<p><u>(16-7) Shareholders' Assembly</u></p>	<p>General or Special meetings of shareholders shall be held at the invitation of the Board of Directors. The Board of Directors shall invite the Ordinary General Assembly to convene if requested by the auditor, the <u>Audit Committee</u>, or a <u>number of shareholders representing at least 5% of the company's capital</u>. The auditor may invite the Assembly to convene if the board does not invite the meeting within thirty days from the date of the auditor's request. <u>The invitation to convene the General Assembly and the agenda shall be published in a daily newspaper distributed in the area where the company's head office is located at least ( twenty-one ) days before the date specified for the convening of the meeting. However, it may be sufficient to send the invitation within the said time to all shareholders by registered letters. A copy of the invitation and the agenda shall be sent to the Ministry and the Authority within the period specified for publication.</u></p>	<p>Ordinary and extraordinary General Assembly shall be held at the invitation of the Board of Directors. The Board of Directors must convene the Ordinary General Assembly within (thirty) days of the request of the Auditors or of one or more shareholders representing (ten percent) of the company's shares that have at least voting rights. The auditor may invite the Ordinary General Assembly to convene if the board does not extend the invitation within (thirty) days from the date of the auditor's request.</p>



## Proposed Amendments to the Bylaws

Article	Current provision	Proposed provision
<p>(17) <u>Audit Committee</u></p>		<p>To be deleted</p>
<p>(18-1) <u>Auditor</u></p>	<p>The company must have an auditor (or more) from among the auditors licensed to work in the Kingdom. He shall be appointed by the Ordinary General Assembly, and his remuneration and term of work shall be determined. It may reappoint him, <u>provided that the total period of his appointment does not exceed five continuous years. Anyone who has exhausted this period may be reappointed after two years from the date of its expiration.</u> The Assembly may also at any time change it without prejudice to its right to compensation if the change occurs at an inappropriate time or for an unlawful reason.</p>	<p>1.The Company shall have one (or more) auditor(s) from among the chartered accountants licensed in the Kingdom, who shall be appointed, and whose fees, term of office and scope shall be determined by the General Assembly, and who may be reappointed; Provided that the period of his appointment shall not exceed the period prescribed by law.</p> <p>2.The Auditor may be dismissed by a resolution of the General Assembly and the Chairman of the Board of Directors must notify the competent authority of the decision to dismiss the Auditor and the its reasons within a maximum of (five) days from the date of the resolution.</p> <p>3.The Auditor may resign from his office by means of a written notice addressed to the Company, and his office shall terminate on the date of such notice or on a later date specified in the notice, without prejudice to the right of the Company to claim compensation for any damage it may have suffered. The resigning auditor shall be obliged to submit to the Company and to the competent authority - upon submission of the report - a statement of the reasons for his resignation, and the Board of Directors shall convene the General Assembly to consider the reasons for the resignation, to appoint another auditor and to determine his fees, the duration of his work and the scope of his work.</p>




**Proposed Amendments to the Bylaws**

Article	Current provision	Proposed provision
<p><u>(19-4) Company Accounts and Dividends</u></p>	<p>The Company's annual net profits after deducting all general expenses and other costs shall be distributed as follows:</p> <p>(a) allocation of zakat legally imposed.</p> <p><u>(B) Subject to the provisions of other relevant regulations, 10% of the net profits shall be set aside annually to form a statutory reserve for the company. The Ordinary General Assembly may stop this set aside when the aforementioned reserve reaches 30% of the paid-up capital.</u></p> <p><u>C) From the remainder, an initial payment of no less than five percent (5%) of the paid-up capital will be distributed to the shareholders.</u></p> <p><u>(d) The remainder shall then be distributed to the shareholders as an additional share of the profits, subject to the provisions of Article 14.10 (b)</u></p> <p>(e) The Board of Directors may distribute half or quarterly interim profits.</p>	<p>1- The Ordinary General Assembly - may set aside 10% of the net profits to form a statutory reserve for the company. The Ordinary General Assembly may discontinue this when the aforementioned reserve reaches 10% of the paid-up capital. The Ordinary General Assembly may also deduct amounts from the net profits to provide social benefits to the company's employees.</p> <p>2- The General Assembly determines the distributed dividends to shareholders from the net profits after deducting reserves, if any.</p>




**Proposed Amendments to the Bylaws**

Article	Current provision	Proposed provision
<p><u>(21-1) Dissolution and liquidation of the company</u></p>	<p>If the losses of a joint-stock company reach half of the paid-up capital, at any time during the fiscal year, <u>any company official or auditor must immediately inform the Chairman of the Board of Directors of this, and the Chairman of the Board of Directors must immediately inform the members of the Board of this, and the Board of Directors - within fifteen days from his knowledge of this – call for the Extraordinary General Assembly to meet within forty-five days from the date of his knowledge of such losses; To decide whether to increase or decrease the company's capital - in accordance with the provisions of the Law - to the extent that the percentage of losses falls below half of the paid-up capital, or to dissolve the company before the term specified in its articles of association.</u></p>	<p>The Company shall be dissolved for one of the reasons specified in Article No. (143) of the Companies Law. Upon dissolution, the Company shall be liquidated in accordance with the provisions of Chapter twelve of the Companies Law. If the company is dissolved and its assets are insufficient to pay its debts, or if the company is insolvent in accordance with the Bankruptcy Law, it shall initiate one of the liquidation procedures under the Bankruptcy Law with the competent judicial authority.</p>



# التصنيف TASNEE

Proposed Amendments to the Board  
Membership Policy of National  
Industrialization Company (TASNEE)

## Proposed Amendments to the Board Membership Policy

Current provision	Proposed provision
<p><b>Board <del>Membership Policies, Criteria, and Procedures</del></b></p>	<p><b>Board Membership Policy</b></p>
<p><b>Introduction:</b>  <del>According to paragraph (3) of article twenty-two of the Corporate Governance Regulation issued by the Board of the Capital Markets Authority under resolution no. (8-6-2017) dated 16/5/1438ah corresponding to 13/02/2017 ad, this policy, criteria, and procedures are issued to ensure that they aim to improve the ways and means of composition of the Board of Directors and to ensure that it includes diverse and qualified competencies and expertise, to achieve and protect the interests of the company, without contravening the mandatory provisions of the Companies Law and Corporate Governance Regulation, this is as follows:</del></p>	<p><b>Article 1: Purpose</b>  This policy aims to <b>determine the criteria and procedures for membership of the Board</b>, and to ensure that it contains diverse and qualified competencies and expertise, to achieve and protect the interests of the company, <b>and adhering to the relevant laws and regulations.</b></p>



## Proposed Amendments to the Board Membership Policy

Current provision	Proposed provision
<p><b>First: the Composition of the Board of Directors</b></p> <p>1. <del>The Board of Directors shall consist of ten members appointed by the general assembly for a term of three years</del></p> <p>2. <del>The majority of the members of the Board shall be non-executives.</del></p> <p>3. <del>The number of independent members shall be at least two members or one-third of the Board members, whichever is greater.</del></p>	<p><b>The entire article is removed</b></p>
<p><b>Second: Appointment of Board Members</b></p> <p>1. <del>The General Assembly elects the members of the Board for a period of three years, and they may be re-elected.</del></p> <p>2. <del>Its provided that the member shall not hold membership in the Board of Directors of more than five joint stock companies listed on the financial market at the same time.</del></p> <p>3. <del>No nominee shall have been suspended or banned by the Capital Markets Authority and no nominee shall have been convicted of a crime against honor and honesty.</del></p> <p>4. <del>The company must notify the Authority of the names of the Board members and their membership within five working days of the date of the commencement of the Board meeting or the date of their election, whichever is earlier, and any change in membership must be notified within five working days of the change.</del></p>	<p><b>The entire article is removed</b></p>



## Proposed Amendments to the Board Membership Policy

Current provision	Proposed provision
<p><b>Third: Board Membership Criteria:</b> The members of the Board of Directors must be professionally competent with the experience, knowledge, skills, and independence necessary to perform their duties efficiently and competently, and in particular, member must meet the following criteria:</p> <ol style="list-style-type: none"> <li>1. Member of the Board of Directors must be fully qualified for the membership in the Board of Director.</li> <li>2. Members of the Board of Directors must be familiar with the company's operations, have a clear understanding of their role within the company, and be capable of making appropriate decisions in the company's affairs.</li> <li>3. Members of the Board of Directors should have complementary skills, knowledge, and experience to ensure that the Board as a whole provides added value to the company.</li> <li>4. Member of the Board of Directors should have knowledge of the legal provisions relevant to their duties and rights as Board members of a joint stock company listed <del>on the market.</del></li> <li>5. Member of the Board of Directors should have a general knowledge of the financial and technical aspects relevant to the company's activities.</li> <li>6. Member should be able to devote sufficient time to perform their duties as Board members, including attending meetings of the Board Directors and of any committees of which they are a member</li> <li>7. The nominee must be fit to exercise his duties and expertise, and must possess the personal and professional qualities necessary to perform his duties effectively.</li> <li>8. The independent member must be fully independent in his position and in his decision-making, and must not suffer from any of the deficiencies of independence provided for in <del>article (20) of the government</del> regulation <del>issued by the Capital Markets Authority.</del></li> <li>9. The nomination must not be in contrary to the relevant laws, regulations and instructions.</li> </ol>	<p><b>Article 2: Board Membership Criteria:</b> The members of the Board of Directors must be professionally competent with the experience, knowledge, skills, and independence necessary to perform their duties efficiently and competently, and in particular, member must meet the following criteria:</p> <ol style="list-style-type: none"> <li>1. Member of the Board of Directors must be fully qualified for the membership in the Board of Directors.</li> <li>2. Members of the Board of Directors must be familiar with the company's practice, have a clear understanding of their role within the company, and be capable of making appropriate decisions in the company's affairs.</li> <li>3. Members of the Board of Directors should have complementary skills, knowledge, and experience to ensure that the Board as a whole provides added value to the company.</li> <li>4. Member of the Board of Directors should have knowledge of the legal provisions relevant to his duties and rights as a Board member of a joint stock company.</li> <li>5. Member of the Board of Directors should have a general knowledge of the financial and technical aspects relevant to the company's activities.</li> <li>6. Member of the Board of Directors should be able to devote sufficient time to perform his duties as a Board member, including attending meetings of the Board of Directors and of any committees of which they are a member.</li> <li>7. The nominee must be fit to exercise his duties and expertise, and must possess the personal and professional qualities necessary to perform his duties effectively.</li> <li>8. The independent member must be fully independent in his position and in his decision-making, and must not suffer from any of the deficiencies of independence provided in the Corporate Governance Regulation.</li> <li>9. <b>The nominee for membership of the Board must not have been suspended or banned by the Capital Markets Authority and shall have been convicted of a crime against honor and honesty.</b></li> <li>10. The nomination must not be in contrary to the relevant laws, regulations and instructions.</li> </ol>



## Proposed Amendments to the Board Membership Policy

Current provision	Proposed provision
<p><b>Fourth: Nomination Procedures for Board Membership</b></p> <p>Those who wish to run for membership of the Board of Directors, and meets the aforementioned criteria, must follow the following procedures:</p> <ol style="list-style-type: none"> <li><del>1. — Each shareholder has the right to nominate himself or more than one other person for membership of the Board, within the limits of his capital contribution. This is after</del> completing the Capital Market Authority's nomination form and submitting the application within the period specified in the company's announcement regarding the opening of the Board membership nominations.</li> <li><del>2. — The announcement of nominations shall be published on the company's website, on the Capital Market Authority website, and by other means as the Capital Market Authority may designate, in order to invite persons wishing to be nominated for membership of the Board, provided that the nomination remains open for at least one month from the date of the announcement.</del></li> <li><del>3. — The company shall publish on the Authority's website, at the time of posting or sending the invitation to the General Assembly meeting, information describing the experience, qualifications, skills, previous and current functions and membership of the Board of Director nominates, and the company shall keep a copy of such information at its head office and on its website so that voting is limited to them in the General Assembly.</del></li> <li><del>4. — Cumulative voting must be used to elect the Board of Directors, as the right to vote per share may not be used more than once.</del></li> <li><del>5. — The number of nominates for the Board of Directors whose names are presented to the General Assembly must exceed the number of seats available so that the general Assembly has the opportunity to choose from among the nominates.</del></li> <li><del>6. — Any person wishing to nominate himself as a member of the Board of Directors must declare his interest by notifying the company's management in accordance with the time limits and dates specified in the applicable laws, regulations, notices and decisions. This notice must include a curriculum vitae and a profile of the nominee with respect to qualifications and work experience.</del></li> <li><del>7. — Whoever wishes to nominate himself must disclose to the Board and the general Assembly any cases of conflict of interest, in accordance with the procedures prescribed by the Authority, including:</del></li> </ol>	<p><b>Article 3: Nomination Procedures for Board Membership</b></p> <p>Those who wish to run for membership of the Board of Directors, and meets the aforementioned criteria, must follow the following procedures:</p> <ol style="list-style-type: none"> <li>1. To submit a clear and complete CV showing his work experience and professional certifications.</li> <li>2. To complete the Capital Market Authority's nomination form and submit the application within the period specified in the company's announcement regarding the opening of the Board membership nomination.</li> <li>3. To submit an acknowledgement of:             <ol style="list-style-type: none"> <li>A. Readiness to carry out his duties and responsibilities, and to allocate sufficient time to attend the meetings of the Board and the committees of which he is a member and that he will perform the duties of membership in full independence, and in a manner that achieves the interests of the company.</li> <li>B. Not to be convicted of an act that violates honor or honesty or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country, and if it is proven otherwise, his nomination or membership in the Board and the committees of which he is a member will be canceled, and the company has the right to demand appropriate compensation for any damages resulting from this behavior.</li> </ol> </li> </ol>





## Proposed Amendments to the Board Membership Policy

Current provision	Proposed provision
<p><del>(a) The existence of a direct or indirect interest in the business and contracts carried out on behalf of the company that wishes to be nominated to its Board of Directors.</del></p> <p><del>(b) Participating in a business that would compete with the company, or compete with it in one of the activity categories it engages in.</del></p> <p><del>8. The nominee who has previously served on the Board of a joint stock company shall indicate the number and date of the companies' Boards of which he is a member.</del></p> <p><del>9. The nominee who has previously been a member of the company's Board shall attach to the nomination notification a statement from the company's management about the last session in which he was a Board member, including the following information:</del></p> <ul style="list-style-type: none"> <li><del>— The number of Board meetings that took place during each year of the session.</del></li> <li><del>— The number of meetings attended by the member in person, and the percentage of his attendance for the total meetings.</del></li> <li><del>— The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings attended, and the percentage of his attendance to the total meetings.</del></li> </ul> <p><del>10. After closing the nomination period specified in the company's announcement, the nominee papers and required forms shall be completed and presented to the Nomination and Remuneration Committee.</del></p> <p><del>11. Membership status should be clarified, i.e. whether the member is an executive, non-executive, or independent member.</del></p> <p><del>12. The nature of the membership must be clarified, i.e. whether the member is a nominee in his personal capacity or a representative of a legal person.</del></p> <p><del>13. The Nomination and Remuneration Committee shall study the nominees' papers and CVs, and recommend to the Board of Directors the list of nominees for membership of the Board in accordance with these approved policies and standards. The committee shall coordinate with the executive management to complete the statutory requirements and provide the competent authorities with all the required documents.</del></p> <p><del>14. On the day appointed for holding the General Assembly meeting, the shareholders shall vote and elect the members of the Board from the list of nominees. Votes are then collected and counted, and the results are announced directly in the meeting. The elected members will be announced on "TADAWUL" within the legally prescribed period.</del></p>	







Current provision	Proposed provision
<p><b>Fifth: Expiration of the membership of a Board member and the vacancy of one of the positions:</b></p> <p>1. — The company's articles of association states how the membership of the Board shall end. The ordinary General Assembly may at any time dismiss all or some of the members of the Board, even if the company's articles of association stipulate otherwise, without prejudice to the right of dismissal to compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time. A member of the Board may retire provided that this is done at an appropriate time, otherwise he shall be liable to the company for the damages resulting from the retirement. The General Assembly may also, upon the recommendation of the Board of Directors, terminate the membership of those of its members who are absent from attending three subsequent meetings of the Board without a legitimate excuse.</p> <p>2. — If the position of a member of the Board becomes vacant, the Board may temporarily appoint a member in the vacant position in order to obtain votes, provided that he is an experienced and competent person. The Capital Market Authority must be informed of this within five working days from the date of appointment, provided that the appointment is presented to the ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor.</p> <p>3. — If the necessary conditions for the Board of Directors to convene are not met, due to the number of its members being less than the minimum stipulated in the law or the company's articles of association, the remaining members must invite the ordinary General Assembly to convene within sixty days, to elect the necessary number of members.</p> <p>4. — If the chairperson and members of the Board submit their resignations, or if the General Assembly is unable to elect a Board for the company, the Board of the authority in the companies listed in the financial market shall form a temporary committee of those with experience and expertise in the number it deems appropriate, and appoints a chairperson and a deputy from among its members to supervise the management of the company, and invite the General Assembly to convene within a period not exceeding three months from the date of forming the aforementioned committee, to elect a new Board of Directors for the company. The chairperson and members of the aforementioned committee shall be granted bonuses at the expense of the company, as determined by the Board of the authority.</p>	<p style="text-align: center;"><b>The entire article is removed</b></p>
<p><b>Sixth: Approval, Enforcement and Amendment:</b></p> <p>1. — These policies, standards and procedures shall be approved by a decision of the General Assembly of Shareholders and shall become effective from the date of their approval.</p> <p>2. — These policies, standards and procedures shall be amended on the recommendation of the Nomination and Remuneration Committee, the approval of the Board of Directors, and the approval of the General Assembly.</p>	<p><b>Article 4: Policy Review</b></p> <p>The policy shall be subject to periodic review in accordance with the updates of the relevant laws and regulations and as deemed appropriate by the Board. The proposed amendments to the policy shall be submitted to the Board of Directors for the purpose of recommending it to the General Assembly for approval.</p>



# التصنيف TASNEE

Proposed Amendments to the Charter of  
the Audit Committee of National  
Industrialization Company (TASNEE)



## Proposed Amendments to the Charter of the Audit Committee

Current provision	Proposed provision
<b>Work Bylaws of the Audit Committee of Tasnee National co. – 2019 AD</b>	<b>Charter of the Audit Committee</b>
<p><b>Article 1/ General Introduction:</b></p> <p><del>1. The Bylaws of the Audit Committee of Tasnee National Co., a Saudi joint stock company, have been prepared pursuant to companies' law issued by royal decree no. M/3 dated 28/01/1437 ah and the Corporate Governance Regulation issued by the Capital Market Authority under resolution no. (16-8-2017) dated 16/05/1438 ah corresponding to 13/02/2017 ad.</del></p> <p>2. These bylaws specify the controls and procedures for the work of the Audit Committee, its tasks, and the rules for selecting its members, nominating them, term of office, their remuneration, and the mechanism for appointing one of its members in the event of a vacancy in one of the seats in the committee. These bylaws also prescribe procedures for meetings of the committee.</p>	<p><b>Article 1: Purpose:</b></p> <p>This charter aim at establishing an effective framework for the work of the Audit Committee, in particular to:</p> <ol style="list-style-type: none"> <li>1. Achieve transparency, integrity and fairness in the company and its transactions and to promote disclosure.</li> <li>2. Provide effective and balanced means of addressing conflicts of interest.</li> <li>3. Strengthen control and accountability mechanisms for the company's employees.</li> <li>4. Determine controls and procedures for the work of the committee and its duties.</li> <li>5. Determine rules for the election and nomination of committee members, their terms of office, remunerations, and appointment mechanisms in the event of vacancies.</li> <li>6. Determine procedures related to committee meetings.</li> </ol>



## Proposed Amendments to the Charter of the Audit Committee

Current provision	Proposed provision
<p><b>Article 2/ Duties and responsibilities of the Audit Committee</b></p> <p>The Audit Committee shall be responsible for monitoring the company's operations. The committee's duties include, in particular, the following:</p> <p><b>First: Financial Reports</b></p> <p>2-1 Review and present to the Board of Directors the company's initial and annual financial statements and any related announcements.</p> <p>2-2 At the request of the Board of Directors, express a technical opinion about the fairness and clearness of the company's financial statements and that they contain information that enables Shareholders to evaluate the company's financial position and performance.</p> <p>2-3 Investigate material or emerging issues contained in the financial reports.</p> <p>2-4 Investigate any matters raised by the CFO, the compliance officer, or the auditor.</p> <p>2-5 Review accounting estimates of significant matters included in the financial reports.</p> <p>2-6 Review the accounting policies adopted by the company and provide opinions and recommendations to the Board of Directors</p> <p><del>2-7 Ensure that the financial reports are prepared in accordance with accounting principles accepted in the kingdom.</del></p>	<p><b>Article 2: Duties and responsibilities</b></p> <p>The Audit Committee is responsible for monitoring the company's operations and verifying the integrity and adequacy of its reports, financial statements and internal control systems. The committee's duties include, in particular, the following:</p> <p><b>A) Financial Reports</b></p> <ol style="list-style-type: none"> <li>1. Review the company's initial and annual financial statements prior to submission to the Board of Directors and express its opinion and recommendations on them to ensure their integrity, fairness and transparency.</li> <li>2. At the request of the Board of Directors, express a technical opinion as to whether the report of the Board of Directors and the company's financial statements are fair, balanced, and understandable and contain information that enables Shareholders and investors to evaluate the company's financial position, performance, business model, and strategy.</li> <li>3. Investigate any material or unusual issues contained in the financial reports.</li> <li>4. Accurately investigate issues raised by the company's CFO or any person performing his duties, or by the company's compliance officer or auditor.</li> <li>5. Verify accounting estimates of material matters included in financial reports.</li> <li>6. Review the company's accounting policies and provide opinions and recommendations to the Board of Directors</li> </ol>



## Proposed Amendments to the Charter of the Audit Committee

Current provision	Proposed provision
<p><b>Second: Internal Control System</b></p> <p>2-8 review and consider the company's internal control system.</p> <p>2-9 Review the internal audit reports and follow up on the implementation of corrective actions to address any findings.</p> <p>2-10 Monitor and supervise the performance and activities of internal audit in the company and verify the availability of necessary resources and their effectiveness in performing assigned tasks and duties.</p> <p>2-11 Propose to the Board of Directors the appointment and remuneration of the head of internal audit.</p> <p><del>2-12 Prepare a report on the Audit Committee's opinion on the adequacy of the company's internal controls system and on any other work carried out by the Audit Committee within its jurisdiction. The Board of Directors shall deposit a sufficient number of copies of this report at the head office to provide each shareholder with a copy at least ten (10) days prior to the date of the General Assembly. The report shall be discussed during the General Assembly.</del></p> <p><b>Third: The Auditor</b></p> <p>2-13 Propose to the Board of Directors the appointment and dismissal of the auditor, his remuneration and the evaluation of his performance, after having verified his independence and having reviewed his scope of work and the terms of his engagement.</p> <p>2-14 Verify the auditor's independence, objectivity, fairness, and effectiveness of the audit works in light of relevant bylaws and standards.</p> <p>2-15 Review the plans and work of the auditor to ensure that the auditor is not providing any technical, administrative services outside the scope of the audit work and express its opinion thereon.</p> <p>2-16 Respond to the auditor's inquiries.</p> <p>2-17 Review the auditor's report and observations on the financial statements and follow up on any actions taken thereto.</p>	<p><b>(B) Internal Audit</b></p> <ol style="list-style-type: none"> <li>1. Review and consider the company's internal control, financial and risk management systems.</li> <li>2. Review internal audit reports and follow up on the implementation of corrective actions to address any findings.</li> <li>3. Monitor and supervise the performance and activities of the internal auditor and the internal audit department within the company, to verify the availability of necessary resources and their effectiveness in performing their assigned tasks and duties.</li> <li>4. Propose to the Board of Directors the appointment of the head of the internal audit department and propose a remuneration structure for him.</li> </ol> <p><b>(C) The Auditor</b></p> <ol style="list-style-type: none"> <li>1. Propose to the Board of Directors the appointment and dismissal of the auditors, their remuneration and the evaluation of their performance, after having verified their independence and having reviewed their scope of work and the terms of their engagement.</li> <li>2. Verify the auditor's independence, objectivity, fairness, and effectiveness of the audit works in light of relevant regulations and standards.</li> <li>3. Review the plans and work of the auditor to ensure that the auditor is not providing any technical, administrative or consultancy services outside the scope of the audit work and express its opinion thereon.</li> <li>4. Respond to the company auditor's inquiries.</li> <li>5. Review the auditor's report and observations on the financial statements and follow up on any actions taken thereto.</li> </ol>



Current provision	Proposed provision
<p><b>Fourth: Compliance Assurance</b></p> <p>2-18 Review the results of regulators reports and ensure that the company has taken necessary actions in response thereto.</p> <p>2-19 Verify the company's compliance with relevant laws, regulations, policies, and directives.</p> <p>2-20 Review contracts and transactions proposed by the company with related parties and present its opinion to the Board of Directors.</p> <p>2-21 Raise to the Board of Directors any issues it deems necessary and make recommendations as to the action to be taken.</p>	<p><b>(D) Compliance Assurance</b></p> <ol style="list-style-type: none"> <li>1. Review the results of regulators reports and ensure that the company has taken necessary actions in response thereto.</li> <li>2. Verify the company's compliance with relevant laws, regulations, policies, and relevant directives.</li> <li>3. Review contracts and transactions proposed by the company with related parties and present its opinion to the Board of Directors.</li> <li>4. Raise to the Board of Directors any issues it deems necessary and make recommendations as to the action to be taken.</li> </ol> <p>A) Verify that a mechanism is in place for the company's employees to submit, in a confidential manner, any observations of irregularities in financial or other reports. The committee shall verify the application of this mechanism commensurate with the magnitude of the error or violation, adopt appropriate follow-up procedures, and recommend necessary policies or procedures for Stakeholders to follow when filing complaints or reporting violations.</p> <p>B) The committee shall be responsible for reviewing issues under its jurisdiction or referred to it by the Board of Directors and submitting its recommendations to the Board of Directors for decision, or as the Board of Directors may authorize. However, the committee shall consider the use of internal and external experts and specialists within the scope of its authority, and this shall be noted in the minutes of the committee meetings, with reference to the name of the firm or specialist and whether or not it is associated with the company or the executive management.</p> <p>C) The committee shall be responsible to the Board of Directors for its works, but without prejudice to the responsibility of the Board of Directors for such works and any power or authority delegated to the committee by the Board of Directors.</p> <p>D) The chairman of the Audit Committee or his designee shall be present at the General Assembly to answer the questions of the Shareholders.</p> <p>E) The chairperson and members of the Audit Committee shall put the interests of the company and its Shareholders above their personal interests, comply with the policies of the company's Board of Directors, and deal with any information they learn in strict confidence.</p> <p>F) A secretary shall be appointed from among the committee members or others to document the minutes of committee meetings and related works.</p> <p>G) The committee shall meet regularly with the company's auditor and the company's internal auditor.</p>





## Proposed Amendments to the Charter of the Audit Committee

Current provision	Proposed provision
<p><b>Article 3 / <del>Rights, Powers and duties of the committee</del></b></p> <p>3-1 Request the board members, executive managers officers, and employees of the company all appropriate documents, reports, explanations and information.</p> <p>3-2 When necessary, invite board members, officers, executive managers and employees of the company to the committee meeting to ask questions and seek clarification and explanations.</p> <p>3-3 Request the Board of Directors to call a General Assembly meeting if the board impeded its work or if the company suffers material damage or loss.</p> <p><del>3-4 Establish a mechanism enables the company's employees to submit, in a confidential manner, their views regarding irregularities in financial or other reports. The committee will verify the application of this mechanism by conducting its own investigation commensurate with the magnitude of the error or irregularity and by adopting appropriate follow-up procedures.</del></p> <p><del>3-5 Deal with the information accessed by the committee in strict confidentiality.</del></p> <p><del>3-6 Report to the General Assembly any developments affecting the independence of the committee or cases of conflicts of interest related to its decisions.</del></p>	<p><b>Article 3: Powers</b></p> <p>The company's executive management shall provide the Audit Committee members with all information, data, documents and records (provided that they are complete, clear, accurate, not misleading and timely provided) necessary for them to perform their duties. In the course of performing its duties, The committee has the right of the following:</p> <ol style="list-style-type: none"> <li>1. Have access to company records and documents.</li> <li>2. Request explanations or statements from Board members or management.</li> <li>3. Request the Board of Directors to call for a General Assembly meeting if the board impeded its work or if the company suffers material damage or loss.</li> </ol>





Current provision	Proposed provision
<p><b>Article 4 / Formation of the committee and rules of electing its members</b></p> <p>4-1 The committee shall be formed by a decision of <del>the ordinary General Assembly</del>, upon the proposal of the Board of Directors, whether Shareholders or others, who are not executive members of the Board of Directors, and its chairman shall be an independent member, provided that the number of its members is not less than three (3) and not more than five (5), and one of them shall be expert in financial and accounting affairs. <del>If the position of a committee member becomes vacant, the board shall appoint another member and vote on it at the nearest General Assembly.</del></p> <p><del>4-2 The decision to form a committee shall specify the duties of the committee, its working rules, and the remuneration of its members.</del></p> <p><del>4-3 The term of office of the Audit Committee members shall coincide with the term of office of the elected Board of Directors.</del></p> <p><del>4-4 Committee members must be qualified to serve on the committee.</del></p> <p><del>4-5 Committee member must have a clear understanding of his role in the company governance and the ability to exercise sound judgment with respect to the work of the Audit Committee.</del></p> <p><del>4-6 Committee members should collectively possess complementary skills, including knowledge of the company's activities and financial and accounting expertise, so that the committee as a whole can optimize the committee's work.</del></p> <p><del>4-7 Audit Committee members should be individuals who have not been convicted of crimes against honor and integrity, unless rehabilitated.</del></p> <p><del>4-8 Certain members of the Audit Committee may be appointed from outside the company's Board of Directors.</del></p> <p><del>4-9 The General Assembly may at any time terminate the membership of, or re-appoint, any member of the committee.</del></p> <p><del>4-10 The chairman of the committee, or his designee, must be present at the General Assembly to answer Shareholders' questions.</del></p> <p>4-11 No person who works in, or who within the past two (2) years has been worked in, the company's executive or financial management, or at the company's auditor shall be eligible to serve on the Audit Committee.</p>	<p><b>Article 4: Formation and composition</b></p> <ol style="list-style-type: none"> <li>1. The Audit Committee shall be formed by a decision of the Board of Directors, provided that it shall not include any executive member of the Board of Directors. The Audit Committee shall consist of not less than three (3) and not more than five (5) members, including financial and accounting experts.</li> <li>2. The chairperson of the Audit Committee shall be an independent member.</li> <li>3. Half of the Audit Committee members must be independent members who do not meet the independence requirements of the Corporate Governance Charter.</li> <li>4. No Audit Committee member shall be a member of Audit Committees in more than five listed companies at the same time.</li> <li>5. In appointing Audit Committee members, consideration must be given to avoiding cases that may cause conflicts of interest.</li> <li>6. The chairman of the board may not be a member of the Audit Committee.</li> <li>7. The company shall notify the Authority of the names of the Audit Committee members and their qualifications within five business days of their appointment, and within five business days of any change in their membership.</li> <li>8. In the event that a seat in the Audit Committee becomes vacant and such vacancy does not violate the conditions required for a valid call of the committee, by falling below the minimum number of members provided for in this charter, the Board of Directors may appoint an experienced and competent person to fill the vacant position and the member so appointed shall serve the full term of his predecessor.</li> <li>9. No person who works in, or who within the past two (2) years has been working in the company's executive or financial management, or at the company's auditor shall be eligible to serve on the Audit Committee.</li> </ol>







## Proposed Amendments to the Charter of the Audit Committee

Current provision	Proposed provision
<p><b>Article 5/ Procedures and work method of the committee and its meetings:</b></p> <p>5-1 The Audit Committee shall meet periodically, not less than four (4) times during the company's fiscal year.</p> <p>5-2 The a meetings of the Audit Committee shall be held based on an invitation of the Chairman, and he shall invite the members to a meeting upon <del>written request of two (2) members of the committee.</del></p> <p>5-3 Additional meetings shall be held if necessary or as a result of a request from the internal audit department or the chartered accountant, in this case the committee secretary shall be responsible for coordinating the invitation to the meeting.</p> <p><del>5-4 A secretary shall be appointed from among the members of the committee to take minutes of the committee meetings.</del></p> <p>5-5 A meeting of the committee shall be valid only if a majority of its members are present. Its decisions shall be issued by a majority vote of those present, and in the event of a tie vote, the side voted for by the chairperson of the meeting shall prevail.</p> <p><del>5-6 A member of the committee may attend a meeting by telephone if, for reasons acceptable to the committee chairperson, he is unable to attend the meeting at its convene place.</del></p> <p>5-7 A committee member who is absent from a meeting may delegate the vote on a decision to another committee member. <del>In addition, if a member fails to attend three consecutive meetings of the committee without a reason recognized by the chairperson, the General Assembly may deem that member to have resigned.</del></p> <p>5-8 The committee shall record its meetings and decisions in minutes signed by the committee members, and the minutes will be submitted to the Board of Directors.</p> <p>5-9 The committee secretary must send the meeting agenda and all information related to the topics that will be discussed at the meeting to the committee members <del>well in advance</del> before the meeting, so that the members can review those topics.</p> <p>5-10 Committee members present at the meeting shall sign the minutes, which shall include the discussion and opinions presented and any actions taken by the committee.</p>	<p><b>Article 5: Meeting rules</b></p> <ol style="list-style-type: none"> <li>The committee shall meet periodically, provided that its meetings are not less than (4) four meetings during the company's fiscal year based on the invitation of its chairman <del>or the request of one of its members.</del> The invitation to the meeting must be sent to each member of the committee at least five days before the date of the meeting, unless the circumstances require holding the meeting on an urgent basis, the meeting agenda and the necessary documents and information shall be attached to the invitation.</li> <li>Additional meetings shall be held if necessary or as a result of a request from the internal audit department or the chartered accountant, in this case the secretary of the committee shall be responsible for coordinating the invitation to the meeting.</li> <li>A meeting of the committee shall be valid only if a majority of its members are present, and decisions shall be made by a majority vote of those present, and in the event of a tie vote, the side voted for by the chairperson of the meeting shall prevail.</li> <li>A committee member who is absent from a meeting may delegate the vote on a decision to another committee member.</li> <li>Members of the Board of Directors or executive management -other than the secretary and members of the committee- shall not be entitled to be present at the committee meetings unless the committee requests that its views and advice to be heard.</li> <li>Committee meetings may be held using modern technology.</li> <li>Committee meetings must be recorded in minutes containing the discussions and deliberations, in which the recommendations of the committee and the results of the voting shall be documented, in which the names of the members present and the reservations made by them, if any, shall be indicated and kept in a special and organized record, and these minutes shall be signed by all members present.</li> </ol>



## Proposed Amendments to the Charter of the Audit Committee

Current provision	Proposed provision
<p><b>Article 6/ Compensation of Committee Members</b>  <del>The members of the Audit Committee shall receive, for each meeting of the committee, an attendance allowance equal to the attendance allowance of the Board of Directors. The annual bonus commensurate with the time and effort of the committee members shall be one hundred thousand (100,000) riyals, which shall be disclosed in the Board of Directors report to the General Assembly.</del></p>	<p><b>Article 6: Compensation</b>            Compensation for committee members and the secretary shall be paid in accordance with the remuneration policy.</p>
<p><b>Article 7/ Conflicts Cases Between the Audit Committee and the Board of Directors</b>  <del>If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board of Directors didn't adopt the recommendations of the Audit Committee concerning the appointment and dismissal of the auditor, setting their compensation and evaluating their performance, or the appointment of the internal auditor, the report of the Board of Directors shall include the recommendations of the Audit Committee, its justification and the reasons for not adopting it.</del></p>	<p><b>Article deleted</b></p>
	<p><b>Article 7: Charter Review</b>            The charter shall be reviewed periodically as deemed necessary by the Board of Directors and in accordance with updates to relevant laws and regulations. Proposed amendments to the charter shall be submitted to the Board of Directors for approval by the General Assembly.</p>

# التصنيف TASNEE

Proposed Amendments to the Charter of  
the Remuneration and Nomination  
Committee of National Industrialization  
Company (TASNEE)



## Proposed Amendments to the Charter of the Remuneration and Nomination Committee

Current provision	Proposed provision
bylaws of remuneration and nomination committee	<b>Charter of Remuneration and Nomination Committee</b>
	<p><b>Article 1: Purpose</b></p> <p>This charter aims to establish an effective framework for the tasks of the remuneration and nomination committee. In particular, it aims to:</p> <ol style="list-style-type: none"> <li>1. Achieve transparency, integrity and fairness in the company and its dealings and to promote disclosure.</li> <li>2. Determine controls and procedures for the operation of the committee and its duties.</li> <li>3. Determine rules for the election and nomination of committee members, their terms of office, compensation, and appointment mechanisms in the event of vacancies.</li> <li>4. Determine procedures for committee meetings.</li> </ol>
<p><b>Article 1: Name of the committee</b></p> <p><del>The remuneration and nomination committee formed in accordance with the requirements of the Corporate Governance bylaws issued by the board of the Capital Market Authority under resolution no. (8-16-2017) dated 16/05/1438 AH, and in accordance with the requirements of the Companies' Law issued by royal decree no. M/3 dated 28/01/1437 AH.</del></p>	<p><b>The entire article is removed</b></p>
<p><b>Article 2: Character of the committee</b></p> <p><del>A committee emanating from the company's board, and appointed by it in accordance with the provisions of these bylaws approved by the General Assembly of stakeholders</del></p>	<p><b>The entire article is removed</b></p>



## Proposed Amendments to the Charter of the Remuneration and Nomination Committee

Current provision	Proposed provision
<p><b>Article 3: Duties and responsibilities of the committee</b></p> <ol style="list-style-type: none"> <li>Propose clear policies and standards for membership of the board and executive management.</li> <li>Recommend to the board of directors the nomination and re-nomination of its members in accordance with the approved policies and standards, taking into account the policy, standards and procedures of membership in the board, and not nominating any person previously convicted of a crime against honor and honesty.</li> <li>Annual review of the required needs of appropriate skills and experience for membership of the board of directors, and executive management functions.</li> <li>Review the structure of the board of directors and executive management and provide recommendations regarding changes that could be made.</li> <li>Identify the weaknesses and strengths of the board and proposing solutions to address them in consistent with the company's interest.</li> <li><del>Ensure, at least annually, that the independence of the independent members continues, and that there is no conflict of interest for any member of the board, whether that member is a member of the board of another company or carries out business that is competitive with the company's works, unless the member has disclosed it to the General Assembly and approved it in accordance with the applicable regulations.</del></li> <li>Prepare a clear policy for the remuneration of board members and the committees emanating from the board and executive management, and submit it to the board for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account following standards related to performance, disclosing them, and verifying their implementation.</li> <li>Periodically, review the remuneration policy and evaluate its effectiveness in achieving its objectives.</li> <li>Clarify the relationship between the remunerations granted and the applicable remunerations policy, and indicating any material deviation from this policy.</li> <li>Establish special procedures in the event that the position of a board member or a senior executive becomes vacant.</li> <li>Recommend to the board the remunerations to be granted to the members of the board, its emanating committees and the senior executives of the company in the light of the approved policy.</li> <li>Develop job descriptions for executive members, non-executive members, independent members and senior executives.</li> <li>The committee may seek the assistance of specialized experts from inside or outside the company within the limits of its authority, provided that this is included in the minutes of the committee meeting with the name of the expert and his relationship with the company or the executive management.</li> </ol>	<p><b>Article 2: Duties and Responsibilities</b> The committee is concerned with the following:</p> <ol style="list-style-type: none"> <li>Prepare a clear policy for the remuneration of members of the board of directors and the sub-committees of the board and executive management, and submit it to the board of directors for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account following standards related to performance, disclosing them, and verifying their implementation.</li> <li>Clarify the relationship between the remuneration granted and the applicable remunerations policy, and indicating any material deviation from this policy.</li> <li>Periodically, review the remuneration policy and evaluating its effectiveness in achieving its objectives.</li> <li>Recommend to the board the remunerations to be granted to the members of the board of directors, its sub-committees and the senior executives of the company in the light of the approved policy.</li> <li>Propose clear policies and standards for membership in the board and executive management.</li> <li>Recommend to the board of directors the nomination and re-nomination of its members in accordance with the relevant policies and standards, taking into account the policy, standards and procedures of membership in the board. When nominating the members of the board, the committee shall take into account the terms and conditions of the Corporate Governance Regulations and the requirements decided by the Capital Market Authority, and not to nominate any person previously convicted of a crime against honor and honesty.</li> <li>Prepare a description of the capabilities and qualifications required for membership in the board and executive management positions.</li> <li>Develop job descriptions for executive members, non-executive members, independent members and senior executives.</li> <li>Determine the time that the member must devote to the work of the board.</li> <li>Annual review of the required needs for appropriate skills and experience for board membership and executive management functions.</li> <li>Review the structure of the Board of Directors and executive management and provide recommendations regarding changes that could be made.</li> <li>Annual verification of the independence of independent members, and the absence of any conflict of interest especially if the member is a member in a board of another company.</li> <li>Establish appropriate special procedures for occupying duties in the event of a vacancy in the position of a member of the board or senior executives.</li> <li>Identify the weaknesses and strengths of the board and propose solutions to address them in consistent with the company's interest.</li> <li>The committee shall study the topics in which it has jurisdiction or that are referred to it by the board and shall submit its recommendations to the board for decision. Decisions shall be taken within the limits authorized by the board, taking into account the Corporate Governance Charter and other relevant regulations.</li> <li>The committee may seek the assistance of specialized experts from inside or outside the company within the limits of its authority; provided that this is included in the minutes of the committee meeting with the name of the expert if it is related to the company or the executive management.</li> <li>The chairperson and members of the committee shall abide by the duties of care and loyalty, taking care of the interests of the company and the shareholders and promote them to their personal interest, adhering to the policies of the company's board, and dealing with the information that is accessed in strict confidentiality.</li> <li>The committee shall appoint a secretary from among its members or others who shall be responsible for preparing the minutes of its meetings and agenda and coordinating its administrative work.</li> </ol>



## Proposed Amendments to the Charter of the Remuneration and Nomination Committee

Current provision	Proposed provision
<p><b>Article 4: Formation of the Committee</b></p> <ol style="list-style-type: none"> <li>The committee shall be formed by a decision of the board <del>of directors, taking into account that its members shall be independent members of the board.</del> Non-executive members or persons, who are not members of the board, whether they are shareholders or others, may be appointed. The number of <del>its members</del> shall not be less than three (3) and not more than five (5), and the chairperson of the committee shall be an independent member.</li> <li>The committee members shall continue to perform their duties from the date of the committee's appointment decision <del>for a period of three (3) years or</del> until the issuance of a decision by the board terminating or reconstituting the committee. The expiration of the board term or its dissolution for any reason ends the term of the committee's mandate; it shall be reconstituted by the new board of directors.</li> <li>If the position of any member of the committee becomes vacant for any reason, the board shall appoint a replacement who is experienced and sufficient to complete the remaining the membership period of the member whose position becomes vacant, <del>provided that such appointment is submitted to the first session for approval,</del> and that the ministry and the authority shall be notified of this within five working days from the date of appointment.</li> <li><del>The committee shall choose from among its members a chairperson at the first session, and appoints a secretary who shall be responsible for preparing the minutes of its meetings and agenda, and for coordinating its administrative work.</del></li> <li><del>The company's General Assembly shall, upon a proposal by the board, issue the bylaws of the remuneration and nomination committee, provided that this bylaw includes the controls and procedures for the work of the committee, its duties, the rules for selecting its members, their term of office, and their remuneration.</del></li> </ol>	<p><b>Article 3: Formation and Composition</b></p> <ol style="list-style-type: none"> <li>The remuneration and nomination committee shall be formed by a decision of the company's board of directors ; provided that at least one of them is an independent member. Non-executive members or persons who are not members of the board, whether they are shareholders or of others, may be appointed.</li> <li>The number of committee members shall not be less than three (3) and not more than five (5), and the chairperson of the committee shall be an independent member.</li> <li>The committee members shall continue to perform their duties from the date of the committee's appointment decision until the issuance of a decision by the board terminating or reconstituting the committee. The expiration of the board term or its dissolution for any reason ends the term of the committee's mandate; it shall be reconstituted by the new board of directors.</li> <li>If the position of any member of the committee becomes vacant for any reason, the board shall appoint a replacement who is experienced and sufficient to complete the remaining membership period of the member whose position becomes vacant. The Ministry and the Authority shall be notified of this within five working days from the appointment date.</li> </ol>





## Proposed Amendments to the Charter of the Remuneration and Nomination Committee

Current provision	Proposed provision
<p><b>Article 5: Meetings of the committee</b></p> <ol style="list-style-type: none"> <li>1. The validity of the committee meetings shall require the presence of a majority of its members, and its decisions shall be issued by a majority of the votes of those present. In the event of a tie, the side with which the chairperson of the committee voted shall prevail.</li> <li>1. All meetings and decisions of the committee shall be recorded in minutes containing the discussions and deliberations, in which the recommendations of the committee and the results of the voting shall be <b>documented</b>, in which the names of the members present and the reservations made by them, if any. These minutes shall be signed by all members present.</li> <li>2. The committee shall hold its meetings periodically, provided that its meetings shall not be less than <del>two (2) meetings per year</del>. The committee shall meet whenever the need arises. <del>The previously unscheduled meeting takes place at the invitation of the committee chairperson, or a number representing 50% of its members, for the purpose of achieving the objectives for which the committee was formed.</del></li> <li><del>3. It is permissible for a member of the committee to attend the meeting through modern technical means, such as telephone and the like, in the event that the member has an excuse acceptable to the chairperson of the committee that prevents him from attending the meeting at the convene place.</del></li> <li><del>4. A member of the committee who is absent from the meeting may delegate another member to vote on resolutions.</del></li> <li>5. Members of the board of directors or executive management other than the secretary and members of the committee shall not be entitled to be present at the committee meetings unless the committee requests that its views and advice to be heard.</li> </ol>	<p><b>Article 4: Meeting Rules</b></p> <ol style="list-style-type: none"> <li>1. The validity of the committee meeting shall require the presence of a majority of its members, and decisions shall be made by a majority vote of those present, and in the event of a tie vote, the side voted for by the chairperson of the meeting shall prevail.</li> <li>2. All meetings and decisions of the committee shall be recorded in minutes containing the discussions and deliberations, <b>in which</b> the recommendations of the committee and the results of the voting <b>shall be documented in the minutes, in which</b> the names of the members present and the reservations made by them, if any, <b>shall be indicated and shall be kept in a special and organized record, and</b> these minutes <b>shall be signed</b> by all members present.</li> <li>3. The committee shall hold its meetings periodically, provided that its meetings shall not be less than <b>one meeting every six months at least. The committee shall meet whenever the need arises.</b></li> <li>4. Members of the board of directors or executive management other than the secretary and members of the committee shall not be entitled to be present at the committee meetings unless the committee requests that its views and advice to be heard.</li> </ol>





## Proposed Amendments to the Charter of the Remuneration and Nomination Committee

Current provision	Proposed provision
<p><b>Article 6: Obligations of the committee members</b></p> <p>1. <del>The committee members shall allocate sufficient time to carry out their responsibilities, including preparing for and attending the committee meetings.</del></p> <p>2. <del>The committee member shall abide by all the obligations that the member of the board is committed regarding the information and documents he views, and in no case may he disclose them to any individual or entity that has not been authorized by the board of directors, or by a decision of the committee, and within the limits of the permission granted to him by either of them.</del></p> <p>3. <del>The committee members shall act impartially and independently, and it is not permitted for any of them to have a direct or indirect interest in the works, contracts, and disposals carried out on behalf of the company except with a prior license from the General Assembly, which shall be renewed annually.</del></p>	<p><b>The entire article is removed</b></p>
	<p><b>Article 5: Powers</b></p> <p>The company's executive management shall provide the committee members with all information, data, documents and records (provided that they are complete, clear, accurate, not misleading and timely) necessary for them to perform their duties:</p> <ol style="list-style-type: none"> <li>1. Have access to company records and documents.</li> <li>2. Request explanations or statements from board members or executive management.</li> </ol>







## Proposed Amendments to the Charter of the Remuneration and Nomination Committee

Current provision	Proposed provision
<p><del><b>Article 7: Remuneration of committee members</b></del></p> <p><del>1.— The committee member shall receive an attendance allowance for each meeting of the committee equal to the attendance allowance of the members of the board.</del></p> <p><del>2.— The member of the committee shall receive an annual remuneration commensurate with the time and effort exerted by the member in the amount of one hundred thousand (100,000) riyals, provided that this is disclosed in the report of the board to the general assembly.</del></p> <p><del>3.— The board shall determine the remuneration received by the secretary of the committee.</del></p>	<p><b>Article 6: Remunerations</b></p> <p>Remunerations of the committee members and the secretary shall be paid in accordance with the remuneration policy.</p>
	<p><b>Article 7: Charter Review</b></p> <p>This charter shall be subject to periodic review in accordance with the updates of the relevant laws and bylaws and in accordance with what the board deems appropriate. The proposed amendments to the regulation shall be submitted to the board for the purpose of recommending them to the General Assembly for approval.</p>



# التصنيف TASNEE

Proposed Amendments to the  
Remuneration Policy of National  
Industrialization Company (TASNEE)



## Proposed Amendments to the Remuneration Policy

Current provision	Proposed provision
<p><del>Remuneration policy for board members, committees emanating from the board and executive management remuneration of Tasnee National Company</del></p>	<p>Remuneration Policy</p>
<p><b>First: Introduction</b>  <del>The Remuneration policy for board members, the committees emanating from the board and executive management remuneration of Tasnee national Company was prepared in order to comply with the rules and provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to resolution no. (8-2017-16) dated 16/05/1438 AH and in accordance with the requirements of the Companies' Law issued by royal decree no. M/3 dated 28/01/1437 AH.</del></p>	<p>The entire article is removed</p>
<p><b>Second: Title:</b>  <del>This policy is called "Remuneration policy for board members, the committees emanating from the board and executive management remuneration"</del></p>	<p>The entire article is removed</p>





## Proposed Amendments to the Remuneration Policy

Current provision	Proposed provision
<p><b>Third- Objective:</b>  This policy aims <del>to clarify the criteria on which the remuneration of the board members and the committees emanating from the board and the remuneration of the executive management is based in accordance with the relevant requirements of the companies law and the Capital Market Authority.</del></p>	<p><b>Article 1: Purpose</b>  This policy aims to establish an effective framework for the remuneration granted by the company, and in particular to:</p> <ol style="list-style-type: none"> <li>1. Clarify the criteria on which the remuneration of the board members, the sub-committees of the board, and the remuneration of the executive management are based in accordance with the requirements of the Companies' Law and the relevant regulations of the Capital Market Authority.</li> <li>2. Attract, maintain and motivate professional competencies, without exaggerating them.</li> <li>3. Urge the board members and the executive management to develop the company in the long term.</li> <li>4. Achieve transparency, integrity and fairness in the company, its transactions and the business environment and promoting disclosure in it.</li> </ol>
<p><b>Fourth- Definitions:</b>  All definitions contained in the Corporate Governance regulations issued by the board of the Capital Market Authority pursuant to resolution no. (8-2017-16) dated 16/05/1438 AH, as amended, shall apply to all terms contained in this policy, including, but not limited to, the definition of the term remuneration, independent board member, and senior executives.</p>	<p><b>The entire article is removed</b></p>





## Proposed Amendments to the Remuneration Policy

Current provision	Proposed provision
<p><b>Fifth: General criteria for remuneration:</b></p> <p><del>The remuneration and nomination committee is competent to recommend to the board the remuneration of the board members and the members of the committees emanating from the board in addition to the remuneration of the senior executives of the company in accordance with the provisions of this policy, taking into account the following criteria:</del></p> <ol style="list-style-type: none"> <li>1. Its consistency with the company's strategy and objectives.</li> <li>2. <del>That the remunerations are offered to motivate the board members and the executive management to the long-term success and development of the company, such as linking the variable part of remunerations to long-term performance.</del></li> <li>3. Remuneration shall be determined based on tasks, responsibilities, academic qualifications, practical experience, skills and level of performance.</li> <li>4. Its consistency with the nature and degree of the company's risk.</li> <li>5. Taking into account the practices of other companies in the same industry or field in determining remuneration, while avoiding the resulting unjustified rise in remuneration and compensation.</li> <li>6. <del>Remunerations should aim to attract, maintain and motivate professional competencies, without exaggerating them.</del></li> <li>7. <del>The remuneration and nomination committee may recommend to the board to suspend the payment of the remuneration or claim its recovery, or deduct it from the next year's remuneration if it is found that it was decided based on inaccurate information provided by a board member or a member of one of the committees emanating from the board or a member of the executive management, in order to prevent the exploitation of the employment status to obtain undue remuneration.</del></li> <li>8. In the event that a program is developed to grant shares in the company to the board members, the executive management and its employees, whether it is a new offering or shares purchased by the company, this shall be done under the supervision of the Remuneration and Nomination Committee in accordance with the company's articles of association and the relevant laws and regulations of the Capital Market Authority.</li> </ol>	<p><b>Article 2: General criteria for remuneration</b></p> <p>The remuneration granted to board members, the sub-committees and the executive management shall take into account the following:</p> <ol style="list-style-type: none"> <li>1. Its consistency with the company's strategy and objectives.</li> <li>2. Remuneration shall be determined based on the level of the job, the tasks and responsibilities assigned to the occupant, academic qualifications, practical experience, skills, and level of performance.</li> <li>3. Its consistency with the size, nature and degree of the company's risk.</li> <li>4. Taking into account the practices of other companies in the same industry or field in determining remuneration, while avoiding the resulting justified rise in remuneration and compensation.</li> <li>5. In the event that a program is developed to grant shares in the company to the board members, the executive management and its employees, whether it is a new offering or shares purchased by the company, this shall be done under the supervision of the Remuneration and Nomination Committee in accordance with the company's articles of association and the relevant laws and regulations of the Capital Market Authority.</li> </ol>





## Proposed Amendments to the Remuneration Policy

Current provision	Proposed provision
<p><b>Sixth: Remuneration of board members:</b></p> <ol style="list-style-type: none"> <li>The remuneration of the board members consists of an attendance allowance for the meetings or a lump sum, or part of the company's net profits, and these benefits may be combined provided that this complies with the requirements of the Companies' Law and the company's articles of association.</li> <li>This remuneration may vary according to the discretion and directions of the remuneration and nomination committee and the approval of the board. The annual report of the board to the General Assembly of shareholders must include a comprehensive statement of all remuneration received by the board members during the fiscal year, as well as a statement of what the board members received as employees, administrators, counterpart to technical or administrative work, or consultancy (if any).</li> <li>The remuneration of independent board members must not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.</li> <li>An amount of (3,000) shall be paid to the board member as an attendance allowance for one meeting, <b>not exceeding (36,000) riyals annually.</b></li> <li><b>The board member shall be entitled to a lump sum or part of the net profits</b> so that the total remuneration received by the member does not exceed (500,000) riyals annually.</li> <li>An amount of (2,000) riyals per day shall be paid to the board member inside the kingdom and (3,000) riyals per day shall be paid to the board member outside the kingdom as an assignment allowance. The company shall bear the costs of travel tickets for the board member in the first-class for members residing outside the city of the meeting venue. A day before and a day after shall be counted for all members coming from outside the kingdom to attend the meeting.</li> </ol>	<p><b>Article 3: Remuneration of Board Members</b></p> <ol style="list-style-type: none"> <li>The remuneration of the board members consists of an attendance allowance for meetings or a lump sum, or part of the net profits of the company, and these benefits may be combined provided that this complies with the requirements of the Companies' Law and the company's articles of association.</li> <li><b>The board determines and approves the remuneration of the board members based on a recommendation from the remuneration and nomination committee, so that the total remuneration received by the member does not exceed (500,000) riyals annually.</b></li> <li>This remuneration may vary according to the discretion and directions of the Remuneration and Nomination Committee and the approval of the board. The annual report of the board to the General Assembly of shareholders must include a comprehensive statement of all remuneration received by the board members during the fiscal year, as well as a statement of what the board members received as employees, administrators, counterpart to technical or administrative work, or consultancy (if any).</li> <li><b>The remuneration of independent board members shall not be a percentage of the profits</b> achieved by the company or be based directly or indirectly on the profitability of the company.</li> <li>An amount of (3,000) shall be paid to the board member as an attendance allowance for each meeting.</li> <li>An amount of (2,000) riyals per day shall be paid to the board member inside the kingdom and (3,000) riyals per day shall be paid to the board member outside the kingdom as an assignment allowance. The company shall bear the costs of travel tickets for the board member in first-class for members residing outside the city of the meeting venue. <b>A day before and a day after shall be counted for all members coming from outside the kingdom to attend the meeting.</b></li> </ol>





## Proposed Amendments to the Remuneration Policy

Current provision	Proposed provision
<p><b>Seventh: Remuneration of committee members:</b></p> <ol style="list-style-type: none"> <li>The board determines and approves the remuneration for membership of its emanating committees and attendance allowances based on the recommendation of the remuneration and nomination committee, <del>with the exception of the audit committee, where it shall be recommended to the General Assembly of shareholders for approval.</del></li> <li><del>The remuneration for membership of the committees emanating from the board consists of an annual remuneration (lump sum) not exceeding (100,000) one hundred thousand.</del></li> <li>An amount of (3,000) three thousand riyals for each meeting, <del>not exceeding (36,000) riyals annually,</del> shall be paid to the one committee and the allowance for attending the meeting.</li> <li><del>A member of the committee emanating from the board may not receive an annual remuneration (lump sum) for his membership in more than two committees in excess of (200,000) two hundred thousand riyals.</del></li> <li>An amount of (2,000) riyals per day shall be paid to the committee member within the kingdom and (3,000) riyals per day outside the kingdom as an assignment allowance. The company shall bear the costs of travel tickets for the board member in the first-class for members residing outside the city of the meeting venue. A day before and a day after shall be counted for all members coming from outside the kingdom to attend the meeting.</li> </ol>	<p><b>Article 4: Remuneration of the Committee's Members</b></p> <ol style="list-style-type: none"> <li>The board determines and approves the remuneration of the membership of its sub-committees and attendance allowances based on the recommendation of the remuneration and nomination committee, <b>so that the total remuneration received by a member does not exceed (100,000) riyals per year for one committee.</b></li> <li>An amount of <b>(3,000) riyals</b> shall be paid to the member of the committee as an attendance allowance for each meeting.</li> <li>An amount of <b>(2,000) riyals</b> per day shall be paid to the member for the committee held inside the kingdom and <b>(3,000) riyals</b> per day shall be paid for the committee held outside the kingdom as an assignment allowance. The company shall bear the costs of travel tickets for the board member in first-class for members residing outside the city of the meeting venue. <b>A day before and a day after shall be counted for all members coming from outside the kingdom to attend the meeting.</b></li> </ol>
	<p><b>Article 5: Remuneration of the Secretaries of the Board and the Board Sub-Committees</b></p> <ol style="list-style-type: none"> <li>The board determines and approves the remuneration of the secretary of the board and its sub-committees and the attendance allowances based on the recommendation of the remuneration and nomination committee, so that the total amount of remuneration received by the secretary does not exceed <b>(50,000) riyals</b> per year for the board or <b>(40,000) riyals</b> for each committee.</li> <li>An amount of <b>(3,000) riyals</b> shall be paid to the secretary as an attendance allowance for each meeting, not exceeding <b>(36,000) riyals annually.</b></li> <li>If the committee is held outside the main headquarters, an amount of <b>(2,000) riyals</b> will be paid as an assignment allowance for one day for the secretary inside the Kingdom, and <b>(3,000) riyals</b> will be paid as an assignment allowance for one day outside the Kingdom.</li> </ol>



## Proposed Amendments to the Remuneration Policy

Current provision	Proposed provision
<p><b>Eighth: Remuneration of the executive management:</b></p> <p>The remuneration and nomination committee reviews the salary scale specified for all employees, including senior executives, and the incentive program and plans periodically whenever the need arises, based on a recommendation from the executive management. The remuneration of the executive management is paid according to the requirements of the Labor Law and according to the policy followed by the company.</p>	<p><b>Article 6: Remuneration of the Executive Management</b></p> <p>The remuneration and nomination committee reviews the salary scale specified for executive management and all employees, and the short &amp; long term incentive program and plans periodically whenever the need arises, based on a recommendation from the executive management. The remuneration of the executive management is paid according to the level of performance and according to the regulations and policy followed by the company.</p>
<p><b>Ninth: Additional determinants of remuneration and method of disbursement:</b></p> <ol style="list-style-type: none"> <li>1. The company shall disclose the remuneration of the board members, the committees emanating from the board and the senior executives in the annual report of the board in accordance with the controls and directives issued under the Companies Law and the Capital Market Authority's laws and regulations.</li> <li>2. The member shall be entitled to the remuneration as of the date of joining the board or the committee and in accordance with the term of his membership.</li> </ol>	<p><b>The entire article is removed</b></p>



## Proposed Amendments to the Remuneration Policy

Current provision	Proposed provision
<p><b>Tenth: Final provisions:</b> This policy shall be implemented and adhered to by the company as of the date of its approval by the shareholders general assembly. This policy may be reviewed when needed by the remuneration and nomination committee, and any amendments proposed by the committee shall be presented to the board to be recommended to the shareholders general assembly for approval.</p>	<p><b>The entire article is removed</b></p>
	<p><b>Article 7: Policy Review</b> The policy shall be subject to periodic review in accordance with the updates of the relevant laws and regulations and as proposed by the remuneration and nomination committee. The proposed policy amendments shall be presented to the board for review and approval before recommending them to the General Assembly for approval.</p>