Regulation of the Audit Committee

Wafrah for Industry and Development Company

Board of Directors - Audit Committee

Session (12) 2021-2024

Audit committee formation, its duties, its work controls, and the remuneration of its members

The CURRENT VERSION

1st: Audit Committee members selection Rules, how they are nominated, and their membership term.

1) *The Audit Committee shall be formed of 3 members by a decision of the company's ordinary general assembly, based on the board of directors' nomination.*
2) *The nomination of Audit Committee members shall be based on the recommendation of the Nomination and Remuneration Committee.*
3) *Members of the Audit Committee may be shareholders or others, provided that at least one independent member shall be among them, and that one of them shall be specialized in financial and accounting affairs.*
4) *The Audit Committee should not include any of the executive board members.*
6) *The Chairman of the Board of Directors may not be a member of the Audit Committee.*
7) *The Audit Committee members shall be selected in a way that ensures the availability of diverse skills and experience.*
8) *The Audit Committee members shall be appointed for a period not exceeding three years, in conjunction with the term of the Board of Directors, and it ends at the end of the term, and they may be reappointed as needed.*
9) *The Audit Committee, at its first meeting, shall appoint the Chairman of the Audit Committee from among its members, and it also shall appoint the Secretary of the Audit Committee from among its members or company's employees.*
10) *If the position of a member of the Audit Committee becomes vacant, the company's board of directors may appoint a temporary member in the vacant position, provided that member shall be one of those who have sufficient experience and expertise. The Authority shall be notified within five working days from the appointment date, and the appointment shall be presented to the Ordinary General Assembly in its first meeting, and the new member of the Audit Committee shall complete his predecessor term.*
11) *The company is obligated to notify the Authority of the names of the members of the Audit Committee and their membership descriptions within five working days from their appointment*

date, and any changes that occur to that within five working days from the date of the changes taking place.

2nd: Duties and terms of reference of the Audit Committee

The Audit Committee is responsible for monitoring the company's business, verifying the integrity and the reports and financial statements, and its internal control systems. The committee's duties include in particular the following:

- ***Financial Reporting:***

1) *Studying the company's initial and annual financial statements before submitting them to the Board of Directors, and expressing its opinion and recommendations regarding them to ensure their integrity, fairness and transparency.*
2) *Expressing a technical opinion - at the request of the Board of Directors - on whether the Board's report and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model, and strategy.*
3) *Study any significant or unfamiliar issues contained in the financial reports.*
4) *Thoroughly researching any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.*
5) *Verification of accounting estimates in the material issues contained in the financial reports.*
6) *Studying the accounting policies followed in the company, and expressing its opinion and recommendation to the Board of Directors in this regard.*

- ***Internal Audit:***

1) *Studying and reviewing the company's internal and financial control and risk management systems.*
2) *Studying internal audit reports and following up the implementation of corrective actions for the notes contained therein.*
3) *Monitoring and supervising the performance and activities of the internal auditor in the company to verify the availability of the necessary resources and their effectiveness in performing its duties and tasks.*
4) *Recommending to the Board of Directors the appointment of the internal auditor and the proposal of his remuneration.*

- ***Auditor:***

1) *Recommending the Board of Directors to nominate and dismiss auditors, determine their fees, evaluate their performance after verifying their independence, and review the scope of their work and the conditions of contracting with them.*

2) Verify the auditor's independence, objectivity and fairness, and the effectiveness of audit works, taking into account the relevant rules and standards.
3) Reviewing the company's auditor's plan and his works, and verifying that he did not submit technical or administrative works outside the scope of the audit work, and expressing its views in this regard.

- ***Commitment Guarantee:***

1) Reviewing the results of the supervisory authorities' reports, and verifying that the company has taken the necessary measures in this regard.
2) Verifying the company's compliance with relevant laws, regulations, policies and instructions.
3) Reviewing the contracts and transactions proposed to be conducted by the company with related parties, and presenting its views in this regard to the Board of Directors.
4) Raise the issues it deems necessary to take action on to the Board of Directors, and make recommendations for the actions to be taken.
5) Study and review of risk management in the company.

3rd: Powers of the Audit Committee

The Audit Committee, in order to perform its duties:

1) Has the right to investigate any matter that falls within its duties, or any subject specifically requested by the Board of Directors.
2) Has the right to access the company's records and documents.
3) Has the right to request any clarification or statement from the members of the board of directors, the executive management or the company's employees for the purpose of investigating and inquiring about any information.
4) Has the right to seek legal and technical advice from any third party or any other independent advisory body whenever this is necessary to assist the Committee in performing its tasks.
5) Has the right to verify any defects related to risk management and internal audit.
6) Has the right to request the executive management to inform the Chairman of the Audit Committee of any defect, fraud, or abuse, according to its severity.
7) Has the right to request the board of directors to call the company's general assembly to convene if the board of directors obstructs its work, or the company suffers serious damage or losses.

4th: Audit Committee Meetings

1) The Audit Committee shall hold periodic meetings, provided that its meetings shall not less than four during the company's financial year.

2) For the validity of the Audit Committee meetings, the presence of the majority of its members is required, and its decisions shall be issued by the majority of the votes of those present.
3) The Audit Committee may hold its meetings remotely through modern means of communication.
4) The Chairman of the Audit Committee calls for the Audit Committee's meetings, and any member of the Audit Committee, the auditor, the internal auditor or the Chairman of the Board of Directors may request the Chairman of the Audit Committee to call the Audit Committee to hold meetings.
5) The Audit Committee shall hold periodic meetings with the company's auditor, and the internal auditor.
6) The director of the internal audit department and the auditor has the right to request a meeting with the audit committee whenever the need arises.
7) The internal auditor may be invited to attend all or some of the audit committee meetings (if he is not a secretary).
8) The Chairman of the Audit Committee, after notifying the company's CEO, may invite senior executives or any employee of the company to inform the committee about any aspect of the company's activities.
9) No member of the board of directors or the executive management is entitled to attend the Audit Committee meetings, unless the committee requests hearing to his opinion, or obtaining his advice, and attendance at the Audit Committee meetings shall be limited to the committee members and its secretary.
10) The meetings of the Audit Committee shall be documented and minutes shall be prepared for it, including the discussions and deliberations, documenting its recommendations and voting results, keeping them in a special and organized record stating the names of the attending members and the reservations they made (if any), and signing these minutes by all the members present at the meeting.

5th: Audit Committee Reports:

1) The Audit Committee shall prepare a report on its opinion regarding the adequacy of the company's internal control system, and the other work it has undertaken that fall within the scope of its competence. The board of directors is obligated to deposit sufficient copies of this report at the company's head office at least ten days before the date of the general assembly to provide a copy of it to all shareholders who wish. The report is read during the meeting of the general assembly by the chairperson of the committee or whomever he designates from among its members, and then he answers the questions and inquiries of the shareholders.
2) The Audit Committee shall submit summary reports to the Board of Directors after each meeting.
3) The internal auditor shall prepare an annual report to be submitted with the audit committee's views to the Board of Directors.
4) The Audit Committee shall study the issues it is concerned with or that are referred to it by the Board of Directors, and submits its recommendations to the Board for decision-making, or to

take decisions if the Board delegates it to it. However, the company's Board of Directors bears responsibility for those decisions.

5) *The Audit Committee may seek the assistance of experts and specialists from within or outside the company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, with the name of the expert and his relationship to the company or the executive management.*

6th: Contacting with the Audit Committee:

1) *To ensure the independence of the audit committee's work, the internal auditor and the auditor shall have direct dealings and communication with the audit committee without an intermediary.*
2) *The company shall establish a reporting mechanism to facilitate communication with the audit committee in cases of serious and urgent risks that may be exposed to the company's business.*

7th: Conflicts between the Audit Committee and the Board of Directors:

If there is a conflict between the Audit Committee's recommendations and the decisions of the board of directors, or if the board of directors refuses to accept the committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance or appointing the internal auditor, the board of directors' report shall include the committee's recommendation and its justifications, and the reasons for not taking them.

8th: Receiving company employees' notes:

The Audit Committee shall establish a mechanism that allows company's employees to submit their observations regarding any abuse in financial or other reports in confidence. The committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the extent of the error or overreach, and adopting appropriate follow-up procedures.

9th: Expiry of Audit Committee Membership:

1) *Membership of the Audit Committee shall expire upon the expiry of its term or upon the expiry of the member's eligibility for it in accordance with any system, regulation or instruction in force in the Kingdom. Nevertheless, the Ordinary General Assembly may at any time dismiss all or some of the members of the Audit Committee, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an*

unacceptable reason. Any member of the committee has the right to resign from the committee's membership.

2) *The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of the Audit Committee member who has not attended three consecutive meetings without a legitimate excuse.*

10th: Audit Committee Members Remuneration:

Current Text

1) *The Audit Committee members remunerations for attending the sessions shall be equal to the remunerations of the Board of Directors members for attending the sessions, and they shall be determined by the same mechanism.*
2) *The annual remuneration of the Audit Committee members shall be determined based on the recommendation of the Remuneration and Nomination Committee of the Board of Directors.*

11th: Final Provisions (Publication and Amendment)

1) *The provisions of this regulation shall be effective as of the date of its approval by the general assembly of shareholders. It shall also be published on the company's website to enable shareholders and stakeholders to view.*
2) *The content of this regulation may be reviewed as needed based on the recommendation of the Board of Directors, provided that these amendments shall be submitted to the General Assembly of Shareholders for approval at its nearest meeting.*

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The proposed Version

Regulation of the Audit Committee

Wafrah for Industry and Development Company

Board of Directors - Audit Committee

Session (12) 2021-2024

Audit committee formation, its duties, its work controls, and the remuneration of its members

1st: Audit Committee members selection Rules, how they are nominated, and their membership term.

5) The Audit Committee shall be formed of 3 members by a decision of the company's ordinary general assembly, based on the board of directors' nomination.

6) The nomination of Audit Committee members shall be based on the recommendation of the Nomination and Remuneration Committee.

7) Members of the Audit Committee may be shareholders or others, provided that at least one independent member shall be among them, and that one of them shall be specialized in financial and accounting affairs.

8) The Audit Committee should not include any of the executive board members.

12) The Chairman of the Board of Directors may not be a member of the Audit Committee.

13) The Audit Committee members shall be selected in a way that ensures the availability of diverse skills and experience.

14) The Audit Committee members shall be appointed for a period not exceeding three years, in conjunction with the term of the Board of Directors, and it ends at the end of the term, and they may be reappointed as needed.

15) The Audit Committee, at its first meeting, shall appoint the Chairman of the Audit Committee from among its members, and it also shall appoint the Secretary of the Audit Committee from among its members or company's employees.

16) If the position of a member of the Audit Committee becomes vacant, the company's board of directors may appoint a temporary member in the vacant position, provided that member shall be one of those who have sufficient experience and expertise. The Authority shall be notified within five working days from the appointment date, and the appointment shall be presented to the Ordinary General Assembly in its first meeting, and the new member of the Audit Committee shall complete his predecessor term.

17) *The company is obligated to notify the Authority of the names of the members of the Audit Committee and their membership descriptions within five working days from their appointment date, and any changes that occur to that within five working days from the date of the changes taking place.*

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11) *Verification of accounting estimates in the material issues contained in the financial reports.*
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5) *Studying and reviewing the company's internal and financial control and risk management systems.*
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- ***Auditor:***

4) *Recommending the Board of Directors to nominate and dismiss auditors, determine their fees, evaluate their performance after verifying their independence, and review the scope of their work and the conditions of contracting with them.*
5) *Verify the auditor's independence, objectivity and fairness, and the effectiveness of audit works, taking into account the relevant rules and standards.*
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- ***Commitment Guarantee:***

6) *Reviewing the results of the supervisory authorities' reports, and verifying that the company has taken the necessary measures in this regard.*
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The Audit Committee, in order to perform its duties:

8) *Has the right to investigate any matter that falls within its duties, or any subject specifically requested by the Board of Directors.*
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13) *Has the right to request the executive management to inform the Chairman of the Audit Committee of any defect, fraud, or abuse, according to its severity.*
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4th: Audit Committee Meetings

11) The Audit Committee shall hold periodic meetings, provided that its meetings shall not less than four during the company's financial year.
12) For the validity of the Audit Committee meetings, the presence of the majority of its members is required, and its decisions shall be issued by the majority of the votes of those present.
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14) The Chairman of the Audit Committee calls for the Audit Committee's meetings, and any member of the Audit Committee, the auditor, the internal auditor or the Chairman of the Board of Directors may request the Chairman of the Audit Committee to call the Audit Committee to hold meetings.
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16) The director of the internal audit department and the auditor has the right to request a meeting with the audit committee whenever the need arises.
17) The internal auditor may be invited to attend all or some of the audit committee meetings (if he is not a secretary).
18) The Chairman of the Audit Committee, after notifying the company's CEO, may invite senior executives or any employee of the company to inform the committee about any aspect of the company's activities.
19) No member of the board of directors or the executive management is entitled to attend the Audit Committee meetings, unless the committee requests hearing to his opinion, or obtaining his advice, and attendance at the Audit Committee meetings shall be limited to the committee members and its secretary.
20) The meetings of the Audit Committee shall be documented and minutes shall be prepared for it, including the discussions and deliberations, documenting its recommendations and voting results, keeping them in a special and organized record stating the names of the attending members and the reservations they made (if any), and signing these minutes by all the members present at the meeting.

5th: Audit Committee Reports:

6) The Audit Committee shall prepare a report on its opinion regarding the adequacy of the company's internal control system, and the other work it has undertaken that fall within the scope of its competence. The board of directors is obligated to deposit sufficient copies of this report at the company's head office at least ten days before the date of the general assembly to provide a copy of it to all shareholders who wish. The report is read during the meeting of the general assembly by the chairperson of the committee or whomever he designates from among its members, and then he answers the questions and inquiries of the shareholders.
7) The Audit Committee shall submit summary reports to the Board of Directors after each meeting.
8) The internal auditor shall prepare an annual report to be submitted with the audit committee's views to the Board of Directors.

9) The Audit Committee shall study the issues it is concerned with or that are referred to it by the Board of Directors, and submits its recommendations to the Board for decision-making, or to take decisions if the Board delegates it to it. However, the company's Board of Directors bears responsibility for those decisions.
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6th: Contacting with the Audit Committee:

3) To ensure the independence of the audit committee's work, the internal auditor and the auditor shall have direct dealings and communication with the audit committee without an intermediary.
4) The company shall establish a reporting mechanism to facilitate communication with the audit committee in cases of serious and urgent risks that may be exposed to the company's business.

7th: Conflicts between the Audit Committee and the Board of Directors:

If there is a conflict between the Audit Committee's recommendations and the decisions of the board of directors, or if the board of directors refuses to accept the committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance or appointing the internal auditor, the board of directors' report shall include the committee's recommendation and its justifications, and the reasons for not taking them.

8th: Receiving company employees' notes:

The Audit Committee shall establish a mechanism that allows company's employees to submit their observations regarding any abuse in financial or other reports in confidence. The committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the extent of the error or overreach, and adopting appropriate follow-up procedures.

9th: Expiry of Audit Committee Membership:

3) Membership of the Audit Committee shall expire upon the expiry of its term or upon the expiry of the member's eligibility for it in accordance with any system, regulation or instruction in force in the Kingdom. Nevertheless, the Ordinary General Assembly may at any time dismiss all or some of the members of the Audit Committee, without prejudice to the right of the dismissed

4) *The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of the Audit Committee member who has not attended three consecutive meetings without a legitimate excuse.*

10th: Audit Committee Members Remuneration:

Remuneration for attending sessions

1. *The Audit Committee members shall receive a remuneration for attending sessions in the amount of 3,000 riyals for each session.*
2. *The Audit Committee members shall receive a transportation allowance of 4,000 riyals for those coming to the meeting from outside the city in which the meeting is being held.*

Audit Committee Members Remuneration

1. *The Audit Committee members (from the Board of Directors) shall receive an annual remuneration in the amount of 50,000 riyals.*
2. *The Audit Committee members (other than members of the Board of Directors) shall receive an annual remuneration in the amount of 100,000 riyals.*

11th: Final Provisions (Publication and Amendment)

3) *The provisions of this regulation shall be effective as of the date of its approval by the general assembly of shareholders. It shall also be published on the company's website to enable shareholders and stakeholders to view.*
4) *The content of this regulation may be reviewed as needed based on the recommendation of the Board of Directors, provided that these amendments shall be submitted to the General Assembly of Shareholders for approval at its nearest meeting.*

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Table showing Amendments to the Audit Committee Regulations

Article No.	Before Amendment	After Amendment
10th	**10th: Audit Committee Members Remuneration:** **Remuneration for attending Committee Meetings** 1. The Audit Committee members remunerations for attending the meetings shall be equal to the remunerations of the Board of Directors members for attending the meetings, and they shall be determined by the same mechanism. 2. The annual remuneration of the Audit Committee members shall be determined based on the recommendation of the Remuneration and Nomination Committee of the Board of Directors.	**10th: Audit Committee Members Remuneration:** **Remuneration for attending Committee Meetings** 1. The Audit Committee members shall receive a remuneration for attending meetings in the amount of 3,000 riyals for each meeting. 2. The Audit Committee members shall receive a transportation allowance of 4,000 riyals for those coming to the meeting from outside the city in which the meeting is being held. **Audit Committee Members Remuneration** 1. The Audit Committee members (from the Board of Directors) shall receive an annual remuneration in the amount of 50,000 riyals. 2. The Audit Committee members (other than members of the Board of Directors) shall receive an annual remuneration in the amount of 100,000 riyals.

Remunerations and Nominations committee ; its composition tasks work controls, and the rewards of its members

The CURRENT Version

Wafrah for Industry & Development

Board of Directors - Remunerations and Nominations Committee1. The Composition of Remunerations and Nominations Committee

1. The Rewards and Nominations Committee shall be constituted by a decision of the company's board of directors from other than the executive board members, provided that at least one independent member shall be among them.
2. The term of membership of the members of the Committee shall be 3 years coincide with the term of the Board of Directors, and shall expire at the end of the term. If one of the committee seats becomes vacant, the board of directors appoints a replacement.
3. The company's general assembly - based on a proposal from the board of directors - issues the work regulations for the Rewards and Nominations Committee.

1. Remunerations and Nominations Committee's Responsibilities

The Remunerations and Nomination Committee is responsible for the following:

1. Preparing a clear policy for the rewards of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that such policy is taken into account following standards related to performance, disclosure, and verification of its implementation.
2. Explaining the relationship between the rewards granted and the applicable rewards policy, and indicate any material deviation from this policy.
3. Periodically reviewing the rewards policy, and evaluating its effectiveness in achieving its objectives.
4. Recommend to the Board of Directors the rewards of the members of the Board of Directors and its committees and senior executives of the company by the approved policy.
5. Propose clear policies and criteria for membership in the Board of Directors and the Executive Management.
6. Recommend to the Board of Directors to nominate and re-nominate its members by the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
7. Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.
8. Determining the time that the member should devoted for the work of the Board of Directors.
9. Annual review of the necessary needs for skills or appropriate expertise for membership of the Board of Directors and executive management functions.
10. Reviewing the structure of the Board of Directors and the Executive Management and make recommendations regarding changes that can be made.

11. Annual verification of the independence of the independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company.
12. Setting job descriptions for executive members, non-executive members, independent members and senior executives.
13. Setting special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.
14. Determining weaknesses and strengths in the Board of Directors, and proposing solutions to address them in line with the company's interest.

3. Remunerations Policy

Without prejudice to the provisions of the Companies Law and the Capital Market Law and their implementing regulations, the rewards policy must take into account the following:

1. Ensuring its Compatibility with the company's strategy and objectives.
2. The rewards be provided for the purpose of encouraging the members of the board of directors and the executive management for the success and development of the company in the long term, such as linking the variable part of the rewards to long-term performance.
3. The rewards be determined based on the job level, the tasks and responsibilities assigned to the incumbent, educational qualifications, work experience, skills, and level of performance.
4. Ensuring its Compatibility with the size, nature and degree of risks of the company.
5. Taking into account the practices of other companies in determining rewards, while avoiding the unjustified rise in rewards and compensation that might result.
6. To aim at attracting, maintaining and motivating professional competencies, without exaggerating them.
7. Stop disbursing or recovering the reward if it is found that it was decided based on inaccurate information provided by a member of the board of directors or the executive management, in order to prevent the exploitation of the job position to obtain undue rewards.
8. Organizing the granting of shares in the company to members of the board of directors and the executive management, whether it is a new issue or shares purchased by the company.

4 .Nomination procedure for board of directors

1- When nominating members of the Board of Directors, the Emoluments and Nominations Committee shall observe the terms and conditions set forth in these Regulations and the requirements specified by the Authority.

2- The number of nominated for membership of the Governing Council whose names are submitted to the General Assembly shall exceed the number of seats available where the General Assembly has the opportunity to choose from among the candidates.

5. Publication of the nomination announcement for the Board of Directors

The Company shall publish the announcement of candidacy on the Company's website, the market website and any other means specified by the Authority in order to invite persons wishing to run for the Board of Directors. The nomination shall remain open for at least one month from the date of the announcement.

6.Shareholder's right to nominate

The provisions of this chapter do not prejudice the right of every shareholder in the company to nominate himself or others for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.

7. Meetings of the Remuneration and Nominations Committee

The Remuneration and Nomination Committee shall meet periodically at least every six months, and whenever the need arises. For the validity of the meeting of the Remuneration and Nomination Committee, the presence of the majority of its members is required, and its decisions are issued by the majority of the votes of those present.

8. Remuneration of Committee members

The remuneration of the committee members shall be in accordance with the remuneration policy that governs the board of directors and the committees

Publication and Enforcement:

1. This policy becomes effective after the General Assembly approves it.
2. The Remuneration and Nominations Committee shall subject these policies to review and can amend them by submitting a recommendation to the Board of Directors and then presenting it to the General Assembly of Shareholders.
3. This policy is published on the company's website to enable shareholders and stakeholders to view it.

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The new PROPOSED Version

Remunerations and Nominations Committee

Remunerations and Nominations; its composition tasks work controls, and the rewards of its members

1. Remunerations and Nominations Committee

1. The Rewards and Nominations Committee shall be constituted by a decision of the company's board of directors from other than the executive board members, provided that at least one independent member shall be among them.

2. The term of membership of the members of the Committee shall be 3 years coincide with the term of the Board of Directors, and shall expire at the end of the term. If one of the committee seats becomes vacant, the board of directors appoints a replacement.

3. The company's general assembly - based on a proposal from the board of directors - issues the work regulations for the Rewards and Nominations Committee.

2. Remunerations and Nominations Committee's Responsibilities

The Remunerations and Nomination Committee is responsible for the following:

1. Preparing a clear policy for the rewards of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that such policy is taken into account following standards related to performance, disclosure, and verification of its implementation.

2. Explaining the relationship between the rewards granted and the applicable rewards policy, and indicate any material deviation from this policy.

3. Periodically reviewing the rewards policy, and evaluating its effectiveness in achieving its objectives.

4. Recommend to the Board of Directors the rewards of the members of the Board of Directors and its committees and senior executives of the company by the approved policy.

5.Propose clear policies and criteria for membership in the Board of Directors and the Executive Management.

6.. Recommend to the Board of Directors to nominate and re-nominate its members by the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.

7. Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.

8. Determining the time that the member should devoted for the work of the Board of Directors.

9. Annual review of the necessary needs for skills or appropriate expertise for membership of the Board of Directors and executive management functions.

10. Reviewing the structure of the Board of Directors and the Executive Management and make recommendations regarding changes that can be made.

11. Annual verification of the independence of the independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company.

12. Setting job descriptions for executive members, non-executive members, independent members and senior executives.

13.Setting special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.

14. Determining weaknesses and strengths in the Board of Directors, and proposing solutions to address them in line with the company's interest.

3. Remunerations Policy

- Remuneration for members of the Board of Directors consists of a certain annual amount and is which is (SAR 200,000) annual bonus, in addition to attendance allowance for sessions and other bonuses as described below. Two or more such bonuses and benefits may be combined provided that the total of one board member's remuneration and financial and in-kind benefits in all cases shall not exceed SAR 500,000 (SAR 500,000) per year.

The Remuneration and Nominations Committee shall determine the remuneration and its type and amount and shall make a recommendation to the Governing Council. Upon authorization by the Board of Directors, it shall be disbursed directly as specified in these Regulations.

- **Remuneration for attending sessions:**

1. Committee members are awarded a SAR 3,000 session bonus for each session.

2. The members of the committees shall be granted a transfer allowance of SAR 4,000 for arrivals to attend the meeting from outside the city where the meeting takes place.

Other Remuneration:

Based on what is contained in the company's statutes, upon the recommendation of the Emoluments and Nominations Committee and the approval of the Board of Directors, the following bonuses may be paid in addition to the remuneration established for the members of the Board of Directors:

1. Granting the Chairman of the Board of Directors an additional special bonus.

2. The Managing Director shall grant a monthly salary or special bonus.

3. Upon the recommendation of the Emoluments and Nominations Committee and the approval of the Board of Directors, a member of the Board of Directors may be awarded amounts for the technical, administrative or advisory work entrusted to him.

- Committees members' remunerations

1- Members of the Executive Committee (from within the Board of Directors) are granted an annual remuneration of 50,000 riyals.

2- Members of the Remuneration and Nominations Committee (from within the Board of Directors) are granted an annual bonus of 50,000 riyals.

3- The number of committees that a board member can occupy, so that the total rewards a member receives for his membership in the board and committees does not exceed the upper limit stipulated in the Companies Law.

4- The remuneration for membership of the Audit Committee is approved by the General Assembly of Shareholders based on a recommendation from the Board of Directors, in accordance with Article 101 of the Companies Law and Article 54 of the Corporate Governance Regulations.

Executive Management Remuneration

The Remuneration and Nomination Committee reviews the salary scale set for all employees and senior executives and the incentive program and plans on an ongoing basis and approves them based on a recommendation from the executive management, and the Board of Directors approves - based on the recommendation of the Remuneration and Nominations Committee - the following:

1. The amount of senior executives' remuneration according to the company's performance target.
2. Remuneration are linked to performance indicators.

Disbursement of remunerations and benefits:

1. All remunerations and benefits are disbursed by the concerned department in the company in accordance with the mechanism used for disbursement after approval by the Board of Directors.
2. The member shall be entitled to the remuneration as of the date of joining the board or committee and according to the term of his membership.

Disclosure of remunerations:

In accordance with the company's articles of association, the companies' law, and the regulations of the Capital Market Authority. All remunerations obtained by members of the Board, committees and senior executives are disclosed in the Board of Directors' report, which is submitted to the General Assembly of Shareholders for approval.

The annual report of the Board of Directors to the General Assembly must include a comprehensive statement of all the rewards received by the members of the Board of Directors during the fiscal year, and also include a statement of what the members of the Board received in their capacity as workers or administrators or in return for technical, administrative or consulting work (if any). It shall also include a statement of the number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

- Stop Disbursement and refund of remunerations:

The Emoluments and Nominations Committee may lift its recommendation to the Board of Directors to suspend the award or request a refund in the following cases:

1. In the event of a breach of responsibilities and duties resulting in damage to the company's interests.
2. If the remuneration is determined on the basis of inaccurate information presented to the General Assembly or contained in the Board of Directors 's annual report.

4.Nomination procedure for board of directors

3- When nominating members of the Board of Directors, the Emoluments and Nominations Committee shall observe the terms and conditions set forth in these Regulations and the requirements specified by the Authority.

4- The number of nominated for membership of the Governing Council whose names are submitted to the General Assembly shall exceed the number of seats available where the General Assembly has the opportunity to choose from among the candidates.

5. Publication of the nomination announcement for the Board of Directors

The Company shall publish the announcement of candidacy on the Company's website, the market website and any other means specified by the Authority in order to invite persons wishing to run for the Board of Directors. The nomination shall remain open for at least one month from the date of the announcement.

6.Shareholder's right to nominate

The provisions of this chapter do not prejudice the right of every shareholder in the company to nominate himself or others for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.

7. Meetings of the Remuneration and Nominations Committee

The Remuneration and Nomination Committee shall meet periodically at least every six months, and whenever the need arises. For the validity of the meeting of the Remuneration and Nomination Committee, the presence of the majority of its members is required, and its decisions are issued by the majority of the votes of those present.

8. Remuneration of Committee members

The remuneration of the committee members shall be in accordance with the remuneration policy that governs the board of directors and the committees

Publication and Enforcement:

4. This policy becomes effective after the General Assembly approves it.

5. The Remuneration and Nominations Committee shall subject these policies to review and can amend them by submitting a recommendation to the Board of Directors and then presenting it to the General Assembly of Shareholders.
6. This policy is published on the company's website to enable shareholders and stakeholders to view it.

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Table showing Amendments on Remunerations and Nominations Committee

Article No.	Article before Amendment	Article after Amendment
3	**3. Remunerations Policy** Without prejudice to the provisions of the Companies Law and the Capital Market Law and their implementing regulations, the rewards policy must take into account the following: 1. Ensuring its Compatibility with the company's strategy and objectives. 2. The rewards be provided for the purpose of encouraging the members of the board of directors and the executive management for the success and development of the company in the long term, such as linking the variable part of the rewards to long-term performance. 3. The rewards be determined based on the job level, the tasks and responsibilities assigned to the incumbent, educational qualifications, work experience, skills, and level of performance. 4. Ensuring its Compatibility with the size, nature and degree of risks of the company. 5. Taking into account the practices of other companies in determining rewards, while avoiding the unjustified rise in rewards and compensation that might result. 6. To aim at attracting, maintaining and motivating professional competencies, without exaggerating them. 7. Stop disbursing or recovering the reward if it is found that it was decided based	**3. Remunerations Policy** - Remuneration for members of the Board of Directors consists of a certain annual amount which is (SAR 200,000) in addition to attendance allowance for sessions and other bonuses as described below. Remunerations and benefits will be combined provided that the total of one board member's remuneration and financial and in-kind benefits in all cases shall not exceed SAR 500,000 per year. The Remuneration and Nominations Committee shall determine the remuneration and its type and amount and shall make a recommendation to the Governing Council. Upon authorization by the Board of Directors, it shall be disbursed directly as specified in these Regulations. **-Remuneration for attending sessions:** 1. Committee members are awarded a SAR 3,000 session bonus for each session. 2. The members of the committees shall be granted a transfer allowance of SAR 4,000 for arrivals to attend the meeting from outside the city where the meeting takes place. **Other Remuneration:** Based on what is contained in the company's statutes, upon the recommendation of the Emoluments and Nominations Committee and the approval of the Board of Directors, the following bonuses may be paid in addition to the remuneration established for the members of the Board of Directors: 1. Granting the Chairman of the Board of Directors an additional special bonus. 2. The Managing Director shall grant a monthly salary or special bonus. 3. Upon the recommendation of the Emoluments and Nominations Committee and the approval of the Board of Directors, a member of the Board of Directors may be awarded amounts for the technical, administrative or advisory work entrusted to him. **- Committees members' remunerations** 1- Members of the Executive Committee (from within the Board of Directors) are granted an annual remuneration of 50,000 riyals.

	on inaccurate information provided by a member of the board of directors or the executive management, in order to prevent the exploitation of the job position to obtain undue rewards. 8. Organizing the granting of shares in the company to members of the board of directors and the executive management, whether it is a new issue or shares purchased by the company.	2- Members of the Remuneration and Nominations Committee (from within the Board of Directors) are granted an annual bonus of 50,000 riyals. 3- The number of committees that a board member can occupy, so that the total rewards a member receives for his membership in the board and committees does not exceed the upper limit stipulated in the Companies Law. 4- The remuneration for members of the Audit Committee is approved by the General Assembly of Shareholders based on a recommendation from the Board of Directors, in accordance with Article 101 of the Companies Law and Article 54 of the Corporate Governance Regulations. **Executive Management Remuneration** The Remuneration and Nomination Committee reviews the salary scale set for all employees and senior executives and the incentive program and plans on an ongoing basis and approves them based on a recommendation from the executive management, and the Board of Directors approves - based on the recommendation of the Remuneration and Nominations Committee - the following: 1. The amount of senior executives' remuneration according to the company's performance target. 2. Remuneration are linked to performance indicators. **Disbursement of remunerations and benefits:** 1. All remunerations and benefits are disbursed by the concerned department in the company in accordance with the mechanism used for disbursement after approval by the Board of Directors. 2. The member shall be entitled to the remuneration as of the date of joining the board or committee and according to the term of his membership. **Disclosure of remunerations:** In accordance with the company's articles of association, the companies' law, and the regulations of the Capital Market Authority. All remunerations obtained by members of the Board, committees and senior executives are disclosed in the Board of Directors' report, which is submitted to the General Assembly of Shareholders for approval. The annual report of the Board of Directors to the General Assembly must include a comprehensive statement of all the rewards received by the members

		of the Board of Directors during the fiscal year, and also include a statement of what the members of the Board received in their capacity as workers or administrators or in return for technical, administrative or consulting work (if any). It shall also include a statement of the number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly. - **Stop Disbursement and refund of remunerations:** The Emoluments and Nominations Committee may lift its recommendation to the Board of Directors to suspend the award or request a refund in the following cases: 1. In the event of a breach of responsibilities and duties resulting in damage to the company's interests. 2. If the remuneration is determined on the basis of inaccurate information presented to the General Assembly or contained in the Board of Directors' annual report.