

Nomination and Remuneration Committee Regulation

18-1 Purpose

The objective of this Regulation is to organize the activities of the Nomination and Remuneration Committee through determining its duties and powers along with its work controls and procedures and the rules of selecting its members in the light of the regulations, governing the Nomination and Remuneration Committee within the listed joint-stock company, provided for in the regulatory controls and procedures issued in implementation of the private companies' articles of association in the listed joint-stock companies and the corporate governance regulation issued by the Capital Market Authority.

18-2 Appointment, Composition and Qualification

The Nomination and Remuneration Committee shall be established upon a decision by the Board of Directors, provided that the Company's Ordinary General Assembly shall issue the rules of selecting the committee members and their duration of membership and determining the duties of the Committee, its work controls and members' remuneration based on the recommendation of the Board of Directors. The Committee shall appoint its Secretary General.

The Committee shall be composed of the non-executive members of the Board, whether being of the shareholders or others, and the number of members shall not be less than three members and not more than five members, including an independent Board member. The rules of selecting the members shall be as follows:

- The candidate must possess a record of experience related to the duties of the Nomination and Remuneration Committee.
- The candidate must have a good knowledge of the Company's activities and business, as well as the skills and experience required for its management.
- The candidate must hold an academic qualification.
- The candidate must not have been convicted of an offence prejudicial to honour or integrity or contravention of laws in the Kingdom of Saudi Arabia or any other jurisdiction.
- The selection of the candidate should not be contrary to the relevant laws, regulations and instructions.

The Committee members shall select a Chairman amongst them for the duration of the Committee membership, provided being a member of the independent Board members. If the Chairman of the Committee failed to attend the meeting, the attended Committee members shall appoint a chairperson of the meeting.

The membership of the Committee member shall be terminated upon the termination of his/her membership in the Board of Directors, if he/she is a Board member, or in case of his/her voluntary resignation from the Committee. However, in case of not being a Board member, his/her membership in the Committee shall be terminated through his/her resignation or by the end of the Committee duration. The Committee member shall perform his/her duties as of the date of his/her appointment by the Board of Directors and his/her membership shall be terminated upon:

- 1- Expiration of the Board's appointment term.

- 2- His/her resignation without prejudice to the right of the Company to compensation if the resignation submitted at an inappropriate time.
- 3- Becoming mentally or physically impaired in a way that could limit his/her ability to perform his/her duties.
- 4- Being declared of bankrupt or insolvent upon a judgment or making a settlement request with creditors.
- 5- Being convicted of an offence prejudicial to honour, integrity, falsification or contravention of laws in the Kingdom of Saudi Arabia or any other jurisdiction.
- 6- Issuing a decision by the Board of Directors to absolve him/her of the Committee membership for any of the following reasons:
 - A- Failure to fulfill his/her responsibilities, roles and duties in a manner that harms the Company's interest.
 - B- Failing to attend three consecutive meetings without a legitimate reason.
 - C- Any other reason, otherwise the above mentioned, which the Board deems appropriate without prejudice to the dismissing member's right towards the Company for claiming compensation in case the dismissal is for unacceptable reason at an inappropriate time.
 - D- Lacking any of the Nomination and Remuneration Committee's selection rules established under this Regulation at any time.

If the position of a Committee member becoming vacant in any of the above or any other situations during the membership duration, the Board shall have the right to appoint a member to the vacant position, provided that the member should meet the Committee membership's selection rules and conditions referred to in this Regulation and the member will continue the reminder of his/her predecessor's term.

18-3 Committee's Responsibilities and Duties

In the light of the provisions of the rules governing the Nomination and Remuneration Committee in the Corporate Governance Regulation issued by the Capital Market Authority, the duties and responsibilities of the Committee shall be as follows:

18-3-1 Regarding the remuneration of the Board of Directors and Executive Management

- Preparing the remuneration policy of the Board of Directors and its committees and Senior Executives and recommending the Board thereon to be approved by the Company's Ordinary General Assembly.
- Reviewing the remuneration policies on a periodic basis to ensure its appropriateness to the changes that may occur to the relevant legislations and regulations, Company's strategic objectives and the skills and qualifications necessary to achieve such objectives and recommending the Board regarding the changes proposed to such policy.
- Making recommendations to the Board on the remuneration of the Board members, members of its committees and Senior Executives of the Company according to the policy approved by the Company's Ordinary General Assembly.
- Preparing an annual report of the remuneration granted to the Board members, members of its committees and Senior Executives.
- Determining and the types of remuneration that would be granted to the employees of the Company and providing recommendations thereon.

18-3-2 Regarding the nomination of the Board members

- Preparing a policy and criteria for the Board membership and making recommendations to the Board thereon to be approved by the Company's General Assembly.
- Making recommendations to the Board on the nomination of the Board membership according to the approved membership policy.
- Reviewing the requirements of the suitable skills for membership of the Board on an annual basis and preparing descriptions for the required capabilities and qualifications.
- Reviewing the Board membership policy on a periodic basis to ensure its appropriateness to the changes that may occur to the relevant legislations and regulations, Company's strategic objectives and the skills and qualifications necessary to achieve such objectives and recommending the Board regarding the changes proposed to such policy.
- Examining and providing recommendations of the conflict of interests cases for the members who wish to nominate for the Board membership.
- Examining the Board's structure and submitting recommendations regarding such changes that can be made.
- Determining the weaknesses and strengths of the Board of Directors and recommending remedy solutions that serve the Company's interests.
- Establishing procedures in case of the vacation of any position of the Board members or members of its committees and making recommendations to the Board thereon.
- Making recommendations to the Board of Directors on the performance standards of evaluating the work of the Board, its members and its committees.

18-3-3 Regarding the members of the Board of Directors

- Determining the time the member has to allocate for the Board works.
- Ensuring the independence of the independent members annually and the absence of any conflict of interests if the member also acts as a member of the board of directors of another company.
- Providing a job description for the executive, non-executive and independent members.
- Making recommendations to the Board on the re-nomination or dismissal of any Board member or the members of its committees.

18-4 Regarding the appointment of the Senior Executives, the Nomination and Remuneration Committee shall be competent to the following:

- Making recommendations to the Board on the policies and standards appropriate to the appointment of the Senior Executives and determining the required capabilities and skills, as well as reviewing them on a periodic basis to ensure its appropriateness to the changes that may occur to the relevant legislations and regulations, Company's strategic objectives and the skills and qualifications necessary to achieve such objectives.
- Preparing a job description for the Senior Executives' positions, reviewing the organizational structure of the Company and providing the recommendations regarding such changes that can be made.
- Establishing the succession procedures if the position of a Senior Executive becomes vacant and making recommendations thereon.

18-5 Preparation and Induction Program for New Board Members

Making recommendations to the Board of Directors on establishing an induction program for the new Board members as the program shall include the Company's activity, nature of business and its financial and legal aspects.

18-6 Resources and Powers

For the purpose of enabling the Nomination and Remuneration Committee to perform its duties, it will have the following powers:

- Requesting for the information and data that would help the Committee of reviewing the issues for which it is concerned or which is referred to it by the Board.
- Seeking assistance from the experts or other specialists in reviewing the issues that fall within its duties and responsibilities, after obtaining the Board's approval.

18-6-1 Duties of the Chairman and Secretary of the Committee

The Chairman of the Committee shall assume the following duties:

- Managing the meetings of the Committee and working to enhance its effectiveness.
- Representing the Committee before the Board of Directors.
- Calling the Committee for meeting with determining the time and date of meeting, after coordinating with the Committee's members.
- Setting the agenda, taking into consideration the issues that a member of the Committee wishes to include.
- Ensuring that the issues submitted to the Committee are accompanied by the sufficient information that enable the Committee to take the decisions on them.
- Ensuring the availability of sufficient time to discuss the items of the agenda of the Committee meeting.
- Promoting the active participation of the members in the Committee meetings through reviewing the issues raised in the agenda, discussing them and expressing their opinions in the manner that contributes to achieve the Committee's objectives.
- Ensuring that full and correct information is available to the members of the Committee in a timely manner to enable them to perform their duties.
- Preparing the reports on a periodic basis regarding the activities of the Committee and submitting its recommendations and conclusions to the Board of Directors.
- Following up the implementation of decisions made by the Committee.
- Establishing the arrangements necessary to carry out the periodic evaluation of the Committee's performance.

18-6-2 Duties of the Secretary of Committee shall be as follows:

- Arranging the Committee meetings and developing a proposal for its agenda in coordination with the Chairman of the Committee.
- Informing the Committee's members of the times of meetings and providing them with its agenda and documents required to review the items of the Committee meeting.

- Attending and documenting the meetings of Committee and preparing its minutes and maintaining them in a special record.
- Keeping the documents, records and reports that are submitting to or issuing by the Committee.
- Providing the assistance and advice to the Committee related to the issues that fall within its terms of reference.

The Secretary shall prepare the minutes of meeting of the Committee according to the following:

- He/she should indicate the time and place of meeting, names of attendees and absentees, brief about the discussions made during the meeting and the relevant decisions and recommendations.
- He/she shall prepare and send draft minutes of sessions to all the members of Committee for reviewing and commenting on the same.
- He/she shall update the draft minutes of session based on the comments of members and send it together with the comments addressed to the Chairman.
- He/she shall finalize the final minutes according to the recommendations of the Chairman and send them to the members of Committee.
- The minutes of meeting shall be signed by all the attendance, Chairman of the Committee and Secretary.
- The final signed copy of the minutes shall be kept attached with the relevant documents and correspondence in a separated file.

18-6-3 Duties of the member of Committee

- Complying with the provisions of the Companies Law, Law of Capital Market, their executive regulations, relevant laws and the Company's articles of association when practicing his/her duties and refraining from doing or participating in any act that would harm the Company's interests.
- Be aware of the Committee's duties and responsibilities and allocate the sufficient time to do his/her part in achieving them.
- Performing his/her duties free from any external influence, whether from within or outside the Company, and not allowing his/her own personal interest to come before that of the Company.
- Never accepting any gifts from any person who has business dealings with the Company.
- Preparing for meetings and committing to attend and not to absenting except for objective justifications that would be prior notified to the Chairman of the Committee and accepted by the Committee.
- Participating actively in the meetings of the Committee through reviewing and discussing the issues raised in its agenda.
- Working to promote knowledge of the regulatory developments in the areas and issues related to the duties and responsibilities of the Committee.
- Working to promote knowledge of the developments in the field of the Company's activities, business and other relevant fields.

18-7 Meetings and Quorum

The Committee shall meet twice a year at least upon the convocation of its Chairman who has to call for a meeting in exceptional cases, including if the Board of Directors or two members of the Committee so request or if the circumstances so require with clarifying the rationales for the exceptional meeting convocation.

Any person, other than the members of the Committee, shall not be entitled to attend the meetings of the Committee unless obtaining a prior invitation from the Committee for the purpose of providing information related to its duties, as appropriate, and the Committee has the right to call any executive director or employee of the Company for attending its meetings.

The Secretary shall prepare an agenda for each meeting in consultation with the Chairman and members of the Committee. The agenda will be distributed to all the members at least two (2) days prior to the meeting.

The quorum for validity of any meeting of the Committee shall be consisted of the majority of the Nomination and Remuneration Committee's members. Each member of the Committee shall have one vote and if the votes are equal, the Chairman of the meeting shall have a casting vote (i.e. if the votes of passing a certain resolution are equal in number, the Chairman shall have one additional vote).

All resolutions of the Committee shall be issued by majority vote of attendees and the opponent members will not be responsible for the resolutions that have been reached if they had recorded their opposition expressly on the resolution in the approved minutes of meeting. The Absence or leaving the meeting shall not be deemed as a justification to not hold account for the resolution unless it is proved that the member was not aware of the resolution.

18-8 Following-up the Committee's Activities

The Committee shall provide, through its Chairman, a report to the Board of Directors in the first meeting held after the meeting of the Committee regarding the procedures and activities that are dealt within each meeting of the Committee, as well as the conclusion of the issues that reviewed by the Committee and its relevant resolutions and any other matters that the Committee may wish to draw the Board's attention to which for action or approval.

The Committee should provide the Board of Directors with advice or recommendations related to the content and disclosures that will be included in the corporate governance part of the Board's annual report, including the policies and procedures of remuneration related to the Board of Directors and any information about the Board members, their remuneration and performance of the members of Board and Executive Management.

18-9 Evaluating the Committee's Activities

The Committee shall evaluate its activities periodically, provided that the evaluation elements include, for example, the extent of the Committee's effectiveness in performing its duties.

The member of the Committee shall keep the confidentiality of the information made available to him/her and the documents he/she have reviewed and shall not, in any case whatsoever, even after the termination of his/her membership, disclose such information to any individual or entity unless the

Board of Directors authorizes that disclosure. The member shall not also use such information for their own benefit or for the benefit of his/her relatives or any other party. The Company shall have the right to claim for compensation if the member breaches the provision of this Article, and the same matter is applicable to the Secretary of the Committee.

The member of Committee shall avoid the situations that may result in a conflict of his/her own interests with those of the Company. The Conflict of interests means that any member has an interest, directly or indirectly, in a matter included in the agenda of the Committee and that such interest may influence or believe to influence in the independence of the Committee member's opinion that is supposed to reflect his/her professional point of view.

If the member of Committee has any conflict of interest related to a matter included in the agenda of the Committee, he/she shall disclose all facts material to the conflict of interest prior to the discussion of such matter and such disclosure shall be reflected in the minutes of meeting. In this case, he/she may not attend the discussion of the relevant matter, participate in the discussion or vote on it and it shall be considered the implementation of the relevant regulatory procedures.

The member of Committee may not take advantage or benefit, directly or indirectly, from any of the Company's assets, information or investment opportunities that still under consideration, even a decision is taken not to proceed with it. He/she may not also benefit from such investment opportunities even after the termination of his/her membership through any of the termination methods.

If it is proved the benefit of the member of Committee from the investment opportunities, the Company or any interested party shall have the right to claim before the competent judiciary authority to annul any business, profit or benefit realized from such investment opportunities. In addition, the Company may claim an appropriate compensation.

18-10 Remuneration of the Nomination and Remuneration Committee

- The member of Committee shall entitle a remuneration in accordance with the remuneration policy of the Board members, members of its committees and the Senior Executives approved by the Company's General Assembly.
- The Board of Directors shall determine the remuneration and allowances received by the Secretary of the Committee.
- If the General Assembly issues a decision of dismissing any of the Committee's members due to his/her absence from three consecutive meetings within a year without a reason accepted by the Board of Directors, this member shall not entitle to any remuneration or compensation for the period following to the last attended meeting and he/she shall return all the remuneration and compensation given to him/her for such period.
- The Company shall have the right to claim a compensation for the harm caused to its reputation and reimburse the paid remuneration, compensation and any other expenses incurred by the Company to facilitate performing the member's responsibilities if the member is convicted of an offence prejudicial to honour, integrity, falsification or contravention of laws in the Kingdom of Saudi Arabia or any other jurisdiction or when failing to fulfill his/her responsibilities, functions and duties in a way that harms the Company's interest.



18-11 Approval of Operating Regulation and its Amendments

This Regulation shall be approved by the General Assembly based on the recommendation of the Board of Directors and shall be subject to the periodic review for its development and update in a manner consistent to the relevant laws and regulations and as the Board deems appropriate. No amendment may be made except upon a recommendation of the Board of Directors, provided to be submitted to the Ordinary General Assembly for approval.

This Regulation shall be valid as of the date of its approval by the Ordinary General Assembly.