

Nomination and Remuneration Committee Charter

First: Introduction

In pursuance of the provisions of Articles 60 and 64 of the Corporate Governance Regulations of the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority (CMA) by Decision No. (8-16-2017), dated 16/05/1438H corresponding to 13/02/2017, based on the Companies Law issued by the Royal Decree No. (M/3), dated 28/01/1437H, in addition to paragraph (7) of Article 50 of the aforementioned regulations, which allows for merging the remuneration and nomination committees into a single committee, this Nomination and Remuneration Committee Charter (“the Charter”) governs the operations of the Nominations and Remuneration Committee (“the Committee”) and details the scope of the Committee’s responsibilities and how it carries out those responsibilities, including its structure, procedures, membership requirements, and duration and the remuneration of the Committee members.

This Charter was issued as directed by decision of the General Assembly of the company’s shareholders held on Sunday, 13/04/1439H corresponding to 31/12/2017, based on a proposal from the Board of Directors (“the Board”).

Second: Formation of the Nomination and Remuneration Committee and Membership

Term

1. The Committee shall be formed by the resolution of the company’s Board.
2. The number of Committee members shall not be fewer than three and not greater than five, and all members shall be non-executive Directors of the Board. Moreover, the committee shall be obliged to have at least one independent member.
3. Non-executive members or persons who are not members of the Board, whether shareholders or others, may be consulted, provided that the chairman of the Committee is an independent member.
4. The chairman of the Board may be a member of the Committee.
5. A chairman of the Committee is named by Committee members, provided that the chairman of the Board shall not be the chairman of the Committee, in the event that he is a member of the Committee.
6. The term of the Committee shall be three years and shall be in line with the term of the Board. The Committee may be allowed to reappoint Committee members for a similar period or periods.
7. The Committee members shall have the appropriate experience and sufficient qualifications to perform the Committee’s duties and responsibilities properly.
8. The Committee shall appoint a secretary from among its members or others to prepare minutes of its meetings and be in charge of the administrative work of the Committee.
9. The chairman of the Committee or his authorized delegate shall attend the General Assembly sessions in order to respond to inquiries from shareholders.

10. The Board shall notify the CMA within five business days of member appointment or any changes to the Committee members list with the relevant details, including the names of the members and their membership types.
11. If one of the positions in the Committee becomes vacant during the membership term, the Board shall appoint another member in the vacant position and the new member shall complete the term of his predecessor, provided that he is experienced and competent. The Board shall notify the CMA within five business days of such change.
12. The membership of the Committee shall end with the expiration of the term, voluntary resignation, the decease of the substitute member, or if he has become ineffective to the Committee under the applicable rules, laws, and regulations in force in the Kingdom.
13. The Board may dismiss the members of the Committee in the event any member violates the provisions found in this Charter or for any other reasons deemed fit by the Board. Committee members are also entitled to resign provided resignation takes place at a reasonable time accepted by the Board.

Third: The Terms of Reference and Responsibilities of the Committee

A) Rewards

1. Prepare a clear policy for the remuneration of members of the Board and the committees emanating from the Board and for the executive management to enhance administrative staff management and maintain distinguished key staff and submitting them to the Board for consideration in preparation for adoption by the General Assembly, taking into account the policies and criteria related to performance of its implementation.
2. Clarify the relationship between the bonuses awarded and the applicable remuneration policy and indicate any material deviation from this policy.
3. Periodic review of remuneration policy and evaluate its effectiveness in achieving its objectives.
4. Recommend to the Board the remuneration of the members of the Board, its committees, and senior executives in accordance with the approved policy.

B) Nominations

1. Propose clear policies and criteria for membership in the Board and executive management.
2. Recommend to the Board the nomination and re-nomination of members in accordance with the approved policies and standards, taking into account the non-nomination of any person who has already been convicted of breach of trust.
3. Prepare a description of the capabilities and qualifications required for membership of the Board and occupy the functions of executive management.
4. Determine the time a member should allocate to the work of the Board.

5. Annually review of the required skills or experience requirements for Board membership and executive management functions.
6. Review the structure of the Board, the Executive Committees, and the Executive Directorate and make recommendations on possible changes.
7. Verify annually the independence of independent members and verify that there is no conflict of interest if the member is on the board of another company.
8. Develop a functional description of executive members, non-executive members, independent members, and senior executives.
9. Establish special procedures in the event of a vacancy in the membership of the Board or senior executives.
10. Identify weaknesses and strengths in the Board, and propose solutions to address them in line with the company's interests.

Fourth: The Committee Powers and Authorities

1. The Committee shall review the subjects that are assigned to it or are expressly delegated to the Committee by the Board and shall submit its recommendations to the Board for decision or take decisions if the Board so delegates, taking into account the provisions of paragraph (b) of Article 21 of the Corporate Governance Regulations, which states that "the Board may, within the scope of its competencies, delegate to one or more of its members or committees or a third party the performance of a specific function or functions. In all cases, the Board of Directors shall not issue a general or indefinite authorization."
2. The Committee may seek the assistance of consultants and specialized experts, as it deems appropriate, from within or outside the company within the limits of its powers, provided that this shall be noted in the Committee's minutes of the meeting, including the name of the expert and his relationship with the company or executive management.
3. The Committee has the right to access the company's records and documents to carry out its responsibilities.
4. The Committee shall have the right to investigate all matters falling under its powers and competencies, as well as the matters entrusted to it.

Fifth: The Committee Meetings

1. The Committee shall meet regularly not less than twice per year (at least every six months) and shall meet whenever the need arises.
2. Except for the Committee secretary and members, members of the Board and executive management are not entitled to attend the Committee meetings unless the Committee requests to hear their opinion or to obtain their advice.
3. The Committee meeting shall be valid only by the attendance of the majority of its members. Decisions shall be made by a majority of the members present and voting.

Upon equal votes, the opinion in favor of that which the chairman of the Committee has voted shall prevail.

4. Committee meetings shall be documented, and the minutes thereof, including the discussions and deliberations, shall be prepared. The Committee's recommendations and the results of the vote shall be documented and maintained in a special and organized register. The names of members in attendance and reservations expressed by them (if any) shall be indicated. Such minutes shall be signed by all the members in attendance.
5. A meeting of the Committee shall be convened by the chairman or at the request of the secretary of the Committee (if authorized by the chairman) well in advance of the meeting. Committee members shall be provided with the meeting agenda and the necessary documentation at least five days in advance of the meeting.
6. Should a member of the Committee be unable to be present personally for reasons of travel or for any other emergency cases, the member may participate in the meeting via modern communications media, whether visual or aural. In all cases, this shall be documented in the minutes of the meeting.
7. A member may delegate another member of the Committee to attend a meeting on his behalf through written authorization sent to the chairman and the secretary of the Committee. The member in attendance may not be delegated on behalf of more than one member to attend the same meeting.
8. The Committee shall submit a summary report to the Board at the Board's first subsequent meeting. The reports and recommendations shall be submitted to the Board whenever necessary.

Sixth: The Board Nomination Process for Board Members

1. When nominating Board members, the Committee shall take into account the terms and conditions set out in the Corporate Governance Regulations as well as the requirements of the CMA.
2. The number of candidates for Board membership whose names appear before the General Assembly must exceed the number of seats available so that the General Assembly can choose from among a variety of candidates.

Seventh: Publishing the Announcement of the Nominations for Membership of the Board of Directors

The company must publish announcements of nominations on the company's website, the Tadawul website, and any other means specified by the CMA to invite persons wishing to be nominated to the membership of the Board. The candidacy must remain open for at least one month from the date of the announcement.

Eighth: The Candidate's Right to Participate in the Nomination for Membership of the Board of Directors

The provisions of this Charter shall not prejudice the right of every shareholder in the company to nominate himself or any other person for membership in the Board in accordance with the provisions of the corporation's bylaws and its implementation regulations.

Ninth: Terms of Reference for the Chairman of the Committee and the Secretary

A) The Chairman's Terms of Reference

1. Preside over and convene the Committee's meetings.
2. Set the agenda of the meeting after coordinating with the rest of the members. He shall also add any item whenever a member so requests.
3. Attend the General Assembly sessions and represent the Committee before the Board.
4. Follow up on Committee decisions and recommendations and ensure their implementation.

B) The Secretary's Terms of Reference

1. The Committee's secretary shall document the discussions and recommendations of the Committee in meeting minutes and shall keep them in a special record. The secretary shall send the minutes to the chairman and members of the Committee within ten business days of the date of the meeting.
2. Coordinate with all members regarding the dates of the meetings and ensure that they are provided with all necessary documents for discussion in accordance with the items on the agenda.
3. Keep all documents and records issued by the Committee.

Tenth: Remunerations of the Committee Members

1. The remuneration of the Committee members shall be based on the policy adopted by the Board.
2. The remuneration of the members of the Committee shall be a lump sum in addition to an attendance allowance for the sessions attended, which shall not to in any case exceed the attendance allowance received by a member of the Board.
3. The company is committed to covering all travel and housing expenses and any other expenses to enable the member to attend the meetings and participate in the activities of the Committee related to its functions.
4. The remuneration, allowances, or benefits for the Committee members shall be disclosed in the Board's annual report.
5. The remuneration and allowances shall be paid after the approval of the annual audited consolidated financial statements.

Eleventh: Final Provisions

1. This Charter shall be implemented and complied with by the company starting from the date it is approved by the General Assembly of the company's shareholders.
2. This Charter shall be published on the company's website.
3. This Charter shall be amended, as and when required, by a proposal of the Board under a resolution issued by the General Assembly of the shareholders of the company.