



General Assembly meeting
Zahrat Al Waha for Trading
Saudi public joint stock company

Item No. 11

Amendment of Company Governance Regulation

Before Amendment	After Amendment
Amendment of Article No (5): Rights Attached to Shares – Clause (8)	
8- Priority in subscribing to new shares that are issued in exchange for cash shares, unless the extraordinary general assembly stops working according to the priority right - if this is stipulated in the company's articles of association - in accordance with Article 140 of the companies' law.	8- Priority in subscribing to new shares that are issued in exchange for cash shares, unless the extraordinary general assembly stops working according to the priority right - if this is stipulated in the company's articles of association - in accordance with Article 140 of the companies' law.
Article No (7): Communication with Shareholders	
<p>c- None of the shareholders may interfere in works of the board of directors or in the works of the company's executive management unless he is a member at its board of directors or its executive management, or in case that he interferes through the ordinary general assembly and according to its competencies, or within the limits and situations as allowed by the board of directors according to relevant laws.</p> <p>d- A clause not existing in the current regulation.</p>	<p>c- None of the shareholders may interfere in works of the board of directors or in the works of the company's executive management if he is not a member at its board of directors or its executive management, or in case that he interferes through the ordinary general assembly and according to its competencies.</p> <p>d- The company appoints an officer concerned with the functions connected with the relations of investments in the company in a way realizing effective and fair communication between company and the shareholders.</p>
Amendment of Article No (8): Election of Members of the Board of Directors	
b. Cumulative voting must be used in electing the Board of Directors in a way that the voting right per share may not	b- Deletion of the clause.

<p>be used more than once.</p> <p>d. Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information has been announced by the company in accordance with clause (a) hereof.</p>	<p>d- Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information has been announced by the company in accordance with clause (a) hereof.</p>
<p>Article No (9): Obtaining the Profits Clause (A-C-D)</p>	
<p>a- Company's articles of association indicate the portion distributed among shareholders from net profits after setting aside the legal reserve, and other reserves.</p> <p>c- The shareholder is entitled to his share in the profits according to the resolution of the general assembly issued on distribution of profits among shareholders or the decision of the board of directors stating for terminal profits, and the decision shows the date of entitlement and the date of the distribution and total amount to be distributed as well as the share of each share of the nominal value, provided that the resolution is implemented according to what is stipulated in the regulative controls and procedures issued in compliance with the Companies Law related to the enlisted joint stock companies.</p>	<p>a- The general assembly will determine the percentage to be distributed among shareholders from net profits after deducting reserves, if any.</p> <p>c- The shareholder will be entitled to his share in the profits according to resolution of the general assembly issued on distribution of profits among shareholders or the decision of the board of directors stating for distribution of terminal profits, and the decision shows the date of entitlement and the date of the distribution provided that the resolution is implemented according to what provisions of the implementing regulation of the Companies Law related to the enlisted joint stock companies.</p>
<p>Article No (11): Authorities of the Extraordinary General Assembly Clause (4-7)</p>	
<p>4- Determining the formation of a conventional reserve for the company which is stated by its articles of association, and it shall be assigned for a specific purpose.</p>	<p>4- Determining use of reserve assigned for use for purposes specified in the company's articles of association.</p>

<p>7- Issue of preferred (premium) shares Issuing Preferred Shares, approving their purchase, converting Ordinary Shares into Preferred Shares, or converting Preferred Shares into Ordinary Shares, based on a provision in the Company's Articles of Association and in accordance with the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.</p>	<p>7- Issue of preferred or refundable shares or converting a type or class of the company shares into another type or class based on a provision in the Company's Articles of association, and in accordance with the implementing regulation of the Companies Law related to the enlisted joint stock companies.</p>
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**Amendment of Article No (12): Authorities of the Ordinary General Assembly
Clause (1-5-6-7-9-11-12-13-14)**

<p>1. Appointment and removal of members of the Board of Directors.</p> <p>5. Formation of the Audit Committee in accordance with the provisions of the Companies Law and its implementing regulations.</p> <p>6. Approval of the company's financial statements.</p> <p>7. Approval of the Board of Directors' report.</p> <p>9. Appointing the company's auditors, determining their remuneration, reappointing, and changing them, and approving their reports.</p> <p>12. Stop setting aside the company's statutory reserve when it reaches (30%) of the company's paid-up capital and decide to distribute what exceeds this percentage to the company's shareholders in the financial years in</p>	<p>1-Electing and terminating members of the board of directors.</p> <p>5-Deleting the clause.</p> <p>6- Approving the company's financial statements.</p> <p>7-Approving report of the board of directors.</p> <p>8-Appoinging one or more auditors for the company, and determining its remuneration, and reappointing and reelecting him, and discussing auditor's report and taking a decision in relation to it.</p> <p>9-Deletion of the clause.</p>
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<p>which the company does not achieve net profits.</p> <p>12. Using the company's contractual reserve in the event that it is not allocated for a specific purpose, provided that the use of this reserve is based on a proposal from the Board of Directors and in aspects that benefit the company or the shareholders.</p> <p>13. Create other reserves for the company, other than the statutory reserve and the contractual reserve, and dispose of them.</p> <p>14. Deducting amounts from the company's net profits to establish social institutions for the company's employees or to assist existing institutions, according to Article 129 of the Companies Law.</p>	<p>10-Determining use of the company reserves in case of not assigning them for a specific purpose in the company's articles of association provided that use of these reserves will be based on a proposal from the board of directors in the aspects that lead to benefit of company or shareholders.</p> <p>11-Forming company reserves and determining their uses.</p> <p>12- Deducting sums from the company's net profits to realize social objectives for the company workers according to stipulations of the Article No (123) of the Companies Law.</p>
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Amendment of Article No (13): Shareholders Assembly Clause: (C – D- E)

<p>c. Shareholders' general or special assemblies are convened at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law and its implementing regulations, and the company's articles of association. The Board of Directors shall invite the Ordinary General Assembly to a meeting if so is requested by the auditor, the audit committee, or a number of shareholders whose ownership represents at least (5%) of the company's capital. The auditor may call the assembly to convene if the board of directors does not invite it within thirty</p>	<p>c. Shareholders' general or special assemblies are convened at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law and its implementing regulations, and the company's articles of association. The Board of Directors shall invite the Ordinary General Assembly to a meeting within thirty days from a request for that made by the auditor, the audit committee, or a number of shareholders whose ownership represents at least (10%) of the company's voting shares. The auditor may call the assembly to convene if the board of directors does not invite it within thirty days from the</p>
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<p>days</p> <p>d- The date, venue and agenda of the General Assembly meeting shall be announced at least twenty-one days prior to the date, and the invitation shall be published on the Market's website and the company's website and in a daily newspaper distributed in the area where the company's head office is located at least twenty-one days prior to the date set for the meeting. Nevertheless, it may be sufficient to send the invitation at the aforementioned date to all shareholders by registered letters. In addition, the company may invite the holding of general and private assemblies to its shareholders by means of modern technology, and a copy of the invitation and the agenda shall be sent to the Capital Market Authority within the period specified for publication.</p> <p>e- The shareholders must be given the chance to effectively participate and vote in the meetings of the General Assembly. It is permissible to hold meetings of the general assemblies of shareholders, and to let shareholder participate in its deliberations and vote on its decisions by means of modern technology, in accordance with the regulatory controls and procedures issued in for putting into effect the Companies Law for listed joint stock companies.</p>	<p>date of the auditor's request.</p> <p>d- Without prejudice of the provisions of the Companies Law and its implementing regulations, the date, venue and agenda of the General Assembly meeting shall be announced at least twenty-one days prior to the date, and the invitation shall be published on the Market's website and the company's website. In addition to that the company may address the invitation for holding the general and special assemblies to its shareholders through modern means of technology.</p> <p>e- The shareholders must be given the opportunity to effectively participate and vote in the meetings of the General Assembly. It is permissible to hold meetings of the general assemblies of shareholders, and to let shareholder participate in its deliberations and vote on its decisions by means of modern technology, in accordance with the implementing regulation of Companies Law for listed joint stock companies.</p>
<p>Amendment of Article No (14): Agenda of the General Assembly Clause (A)</p>	
<p>a- The board of directors shall, upon preparing agenda of the general assembly, take into account the subjects that shareholders intend to add, and it is</p>	<p>a- The board of directors shall, upon preparing agenda of the general assembly, take into account the subjects that shareholders intend to add, and it is</p>

allowed for shareholders holding (5%) at least of the company shares to add one or more subject to the agenda of the general assembly when it is prepared.

allowed for shareholders holding (10%) at least of the company shares having voting rights to add one or more subject to the agenda of the general assembly when it is prepared.

Amendment of Article No (15): Shareholders Assembly Management Clause (A)

a- Meetings of the shareholders general assemblies shall be managed by chairman of the board of directors, or by his deputy in case of his absence, or a member deputed by the board of directors from among its members in case of absence of both chairman and his deputy.

f- Voting is an essential and genuine right of the shareholder, and the company must provide the opportunity to vote for all shareholders without discrimination and inform them of all the rules that govern its procedures and information on the right to vote regularly and avoid taking any procedure that impedes the use of this right, including imposing a fee for attending assemblies or voting on its decisions.

g. The shareholder may authorize - in writing - another person, provided that he is not a member of the Board of Directors or employees of the company to attend the meeting of the General Assembly, provided that the representative is treated as same as the principal in terms of discussion and voting.

a- Meetings of the shareholders general assemblies shall be managed by chairman of the board of directors, or by his deputy in case of his absence, or a member deputed by the board of directors from among its members in case of absence of both chairman and his deputy, and if this is not possible, the general assembly will be chaired by a person deputed by the shareholders from among board members or others through voting.

f- Deletion of the clause.

g- Deletion of the clause.

Amendment of Article No (17): Appointment of the Members of the Board of Directors

<p>a-The company's Articles of Association determines the number of members of the Board of Directors, provided that it is not less than three and not more than eleven.</p> <p>b-The general assembly elects the members of the Board of Directors for the period stipulated in the company's bylaws, provided that it does not exceed three years, unless the company's bylaws provide for a longer period for the first election period for the board of directors. They may be re-elected unless otherwise is stipulated by the company's articles of association.</p>	<p>a- The company's Articles of Association determines the number of members of the Board of Directors, provided that it is not less than three.</p> <p>b- The general assembly elects the members of the Board of Directors for the period stipulated in the company's articles of association, provided that it does not exceed four years, and they may be re-elected unless otherwise is stipulated by the company's articles of association.</p>
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Article No (19): Expiry of Membership of the Board of Directors

<p>a. The company's Articles of Association state how the membership of the Board of Directors ends, and the Ordinary General Assembly may at any time dismiss all or some of the members of the Board, even if otherwise is stated by the company's Articles of Association stipulated, without prejudice to the right of the dismissed member to compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. The General Assembly may also - based on a recommendation from the Board of Directors - terminate the membership of any member who fails to attend three consecutive meetings of the Board without a legitimate excuse.</p> <p>b. When the membership of a member of</p>	<p>Deletion of the whole article</p>
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the Board of Directors ends by one of the ways of termination of membership, the company must notify the CMA and the Market immediately with a statement of the reasons for that.

- c. If a member of the Board of Directors resigns, and he has comments on the company's performance, he must submit a written statement thereof to the Chairman of the Board of Directors, and this statement must be presented to the members of the Board of Directors.

Amendment of Article (20): Features of Independence Clause (C-2 , C-6, C-8)

C-2. To be a representative of a legal person who owns five percent or more of the company's shares or the shares of another company of its group.

C-6. That he works or was an employee during the past two years of the company or any party dealing with it or another company of its group, such as auditors and major suppliers, or that he owned controlling shares in any of these parties during the past two years.

C-8. To receive sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of (500,000) riyals, or more than 50% of his remuneration in the previous year that he obtained for membership of the Board of Directors or any of its

C-2. Deletion of the clause.

C-5. That he works or was an employee during the past two years of the company or any party dealing with it or another company of its group, or that he is the owner of controlling shares in the company or any party dealing with the company or another company of its group, such as auditors and major suppliers during the past two years.

C-7. To receive sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of (200,000) riyals, or more than 50% of his remuneration in the previous year obtained for membership of the Board of Directors or any of its committees,

committees, whichever is less.	whichever is less.
Amendment of Article No (22): Basic Functions of the Board of Directors Clause (8A -14 -16)	
<p>8-a. Using the company's contractual reserve in the event that it is formed by the extraordinary general assembly and is not allocated for a specific purpose.</p> <p>14. Determining the types of remunerations granted to the company's employees, such as fixed bonuses, bonuses related to performance, and bonuses in the form of shares, in a way that does not contradict the regulatory controls and procedures issued in compliance with Companies Law for listed joint stock companies.</p> <p>16-A clause not existing in the present regulation.</p>	<p>8-a. Using the company's reserves if they are not allocated for a specific purpose in the company's articles of association.</p> <p>14. Determining the types of remunerations granted to the company's employees, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares, in a way that does not contradict the executive regulations of the Companies Law for listed joint stock companies.</p> <p>16. Inform the Ordinary General Assembly, when it convenes, of the business and contracts in which a member of the Board of Directors has a direct or indirect interest, provided that this notification includes the information provided by the member to the Board of Directors in accordance with clause (14) of Article twenty-eight of these bylaws, and is accompanied by This notification is a special report from the company's external auditor.</p>
Amendment of Article No (25): Supervising the Executive Management Clause (4)	
<p>4- Appointing manager of the internal auditing department and terminating him and determining his remuneration; if any.</p>	<p>4- Appointing manager of the internal auditing department or the auditor and terminating him and determining his remuneration.</p>

Amendment of Article No (26): Authorities and Functions of the Executive Management Clause (9C)

9-C. Use of the company's contractual reserve.

9-C. Use of the company's reserves in case of not allocating them to a purpose specified in the company's articles of association.

Amendment of Article No (27): Authorities and Functions of the Chairman of the Board of Directors Clause (9)

9-Informing the Ordinary General Assembly, when it convenes, of the business and contracts in which a member of the Board of Directors has a direct or indirect interest, provided that this notification includes information provided by the member to the Board of Directors in accordance with paragraph (14) of Article Thirty of these regulations, and that this notification is accompanied by a report Special from the company's external auditor.

9- Deletion of the clause.

Article No (29): Principles of Truthfulness, Honesty, and Loyalty

Each member of the Board of Directors shall abide by the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and the shareholders, prioritizing them over his personal interest, and this includes in particular the following:

1. **Honesty:** This means that the relationship of the board member with the company be a sincere professional relationship, and that he discloses any influential information to it before executing any deal or contract with the

Deletion of the whole article.

company or one of its subsidiaries.

2. **Loyalty:** for the board member to avoid dealings that involve a conflict of interest, while verifying the fairness of dealing, and observing the provisions related to conflict of interest in these bylaws.
3. **Care and Attention:** By performing the duties and responsibilities stipulated in the Companies Law, the Capital Market Law and their implementing regulations, the company's Articles of Association and other relevant laws.

Article No (43): Interests Conflict Policy

Taking into account the provisions of the Companies Law and its implementing regulations, the Board of Directors sets a written policy to deal with cases of conflict of interest and deals or dealings with related parties in accordance with the provisions and controls detailed in the company's policy for conflict of interest to deal with cases of actual or potential conflict of interest that may affect the performance of members The board of directors, the executive management, or other employees of the company when dealing with the company or with other stakeholders, provided that this policy includes cases of conflict of interests and their avoidance, the duties of the members of the board of directors and what is prohibited from them, and the mechanism for disclosing the conflict of interest by the candidate. In addition to taking into account the concept of competition, its fields, requirements, and cases of refusal to grant a license to it, as well as regulating

The Board of Directors shall establish a written and clear policy to deal with cases of actual or potential conflict of interest that may affect the performance of the members of the Board of Directors, members of its committees, executive management, or other employees of the company when dealing with the company or with other stakeholders, provided that this policy includes particularly the following:

- 1) Assuring to members of the Board of Directors, members of its committees, major shareholders, senior executives and others working in the company to avoid cases that lead to their interests conflicting with the interests of the company, and to deal with them in accordance with the provisions of the Companies Law and its implementing regulations.
- 2) Providing illustrative examples of cases of conflict of interest commensurate

the acceptance of gifts and dealing with conflicts of interest and deals with related parties.

with the nature of the company's activity.

- 3) Clear procedures for disclosing conflicts of interest in businesses that may result in conflicts of interest and obtaining the necessary license or approval.
- 4) Commitment to always disclose cases that may lead to a conflict of interest or when such conflict occurs.
- 5) Obligation to abstain from voting or participating in decision-making when there is a conflict of interest.
- 6) Taking clear procedures when the company contracts or deals with a related party, provided that this includes informing the Authority and the public without any delay of that contract or dealing, if this contract or dealing is equal to or more than 1% of the company's total revenues according to the latest financial statements annual review.
- 7) Actions taken by the Board of Directors if it finds a breach of this policy.

Article No (44): Avoiding Conflict of Interest Clause (B)

b) A member of the Board of Directors is prohibited from the following acts:

1. To vote on the decision of the Board of Directors or the General Assembly in the business and contracts that are concluded for the company's account if he has a direct or indirect interest in it.
2. Exploiting or benefiting - directly or indirectly - from any of the company's assets, information, or investment

b) A member of the Board of Directors is prohibited from exploiting or benefiting - directly or indirectly - from any of the company's assets, information, or investment opportunities presented to him in his capacity as a member of the Board of Directors, or offered to the company, and this includes investment opportunities that fall within the activities of the company. Or that the company wants to benefit from, and the prohibition applies to a board member

opportunities presented to him in his capacity as a member of the Board of Directors, or offered to the company, including investment opportunities that fall within the company's activities, or that the company wishes to Benefiting from them, and the prohibition applies to a board member who resigns in order to exploit investment opportunities - directly or indirectly - that the company wishes to benefit from and that he learned about during his membership in the board of directors.

who resigns to exploit investment opportunities - directly or indirectly - that the company wants to benefit from and that he learned about during his membership in the board of directors.

Article No (46): Controls of Company Competition Clause (3-4)

3. The Chairman of the Board of Directors informs the Ordinary General Assembly, when it convenes, of the competing business that the member of the Board is engaged in, after the Board of Directors verifies that the member of the Board is competing with the company's business or competing with it in one of the branches of the activity it is engaged in according to standards issued by the General Assembly of the company - based on the proposal of the Board of Directors - and published On the company's website, provided that these works are verified annually.

4. Obtaining a license from the ordinary general assembly of the company that allows the member to practice competing businesses.

3. The Board of Directors informs the Ordinary General Assembly when it convenes of the competing businesses that a member of the Board or a member or one of its committees is engaged in, after the Board of Directors verifies that the member of the Board or a member of one of its committees is competing with the company's business or competing with it in one of the branches of the activity that it is engaged in in accordance with criteria issued by the General Assembly. The company - based on the proposal of the Board of Directors - and published on the company's website, provided that these works are verified on an annual basis.

4. Obtaining a license from the Company's Ordinary General Assembly or the Board of Directors under an authorization from the Ordinary General Assembly allowing a member of the Board or a member of one of its committees to practice competing business.

Article No (48): Refusing to Grant License

If the General Assembly refuses to grant the license under Article 72 of the Companies Law and Article 46 of these Regulations, the member of the Board of Directors must submit his resignation within a period specified by the General Assembly, otherwise his membership in the Board shall be considered terminated, unless he decides to abandon the competition with the company or reconcile his status. According to the Companies Law and its implementing regulations, before the deadline set by the General Assembly expires.

Deletion of the whole article

Article No (50): Formation of the Committees Clause (7)

Subject to Article 101 of the Companies Law and Article 54 of these bylaws, the Board of Directors forms specialized committees according to the following:

7. The Company may merge the Remuneration and Nomination Committees into one committee called the Remuneration and Nomination Committee. In this case, the Remuneration and Nomination Committee must fulfill its requirements and exercise all the competencies stipulated in these regulations, provided that the committee meets periodically at least every six months.

Subject to Article fifty-one of these bylaws, the Board of Directors forms specialized committees according to the following:

7. The Company may merge the Remuneration and Nomination Committees into one committee called the Remuneration and Nomination Committee. In this case, the Remuneration and Nominations Committee, and it must fulfill the requirements of either of them contained in Chapters Three and Four of this section and exercise all the competencies mentioned in Articles fifty-eight and sixty-two of the Corporate Governance Regulations and all the competencies mentioned in these regulations, provided that the committee meets periodically every six months at least.

Article No (54): Formation of the Auditing Committee

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| <p>a. By a decision of the company's ordinary general assembly, an audit committee of shareholders or others shall be formed, provided that at least one of them is an independent member and that it does not include any of the executive members of the Board of Directors. In financial and accounting affairs.</p> <p>b. The Chairman of the Audit Committee shall be an independent member.</p> <p>c. The general assembly of the company - based on a proposal from the Board of Directors - issues a regulation for the audit committee, provided that this regulation includes the controls and procedures for the committee's work, its tasks, the rules for selecting its members, how they are nominated, the term of their membership, their remuneration, and the mechanism for temporarily appointing its members in the event of a vacancy. The Commission.</p> <p>d. A person who works, or was working during the past two years, in the executive or financial management of the company, or with the company's auditor, may not be a member of the audit committee.</p> <p>e. The clause is not found in the current regulation.</p> | <p>a. By a decision of the Board of Directors of the company, an audit committee of shareholders or others shall be formed, provided that it shall not include any of the executive members of the Board of Directors. The number of members of the Audit Committee shall not be less than three and not more than five, and among them shall be specialists in financial and accounting affairs.</p> <p>b. At least one independent member must be among the members of the audit committee.</p> <p>c. The Chairman of the Audit Committee shall be an independent member.</p> <p>d. Half of the audit committee members must be independent members or those to whom the symptoms of independence mentioned in Article 19 of these regulations do not apply.</p> <p>e. The general assembly of the company - based on a proposal from the Board of Directors - issues a regulation for the audit committee, provided that this</p> |
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<p>f. The clause is not found in the current regulation.</p> <p>g. The clause is not found in the current regulation.</p>	<p>regulation includes the controls and procedures for the committee's work, its tasks, the rules for selecting its members, how they are nominated, the term of their membership, their remuneration, and the mechanism for temporarily appointing its members in the event of a vacancy. The Commission.</p> <p>f. A person who works, or was working during the past two years, in the executive or financial management of the company, or with the company's auditor, may not be a member of the audit committee.</p> <p>g. It is stipulated that the member of the audit committee shall not be a member of audit committees in more than five joint-stock companies listed in the market at the same time.</p>
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**Article No (55): The Committee Authorities, Powers, and Responsibilities Clause
(B-3, B4)**

<p>B-3. Control and supervise the performance and activities of the internal auditor and the internal audit department in the company, if any, to verify the availability of the necessary resources and their effectiveness in performing the tasks and tasks assigned to them. If the company does not have an internal auditor, the committee shall submit its recommendation to the Board regarding the need for his appointment.</p> <p>B-4. Recommend to the Board of Directors the appointment of the Director of the Internal Audit Department and suggest</p>	<p>B-3. Control and supervise the performance and activities of the internal auditor and the internal audit department in the company, if any, to verify the availability of the necessary resources and their effectiveness in performing the tasks and tasks assigned to them.</p> <p>B-4. Recommend to the Board of Directors the appointment of the Director of the Internal Audit Department or the</p>
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his remuneration.	internal auditor and suggest his remuneration.
Article No (66): Meetings of the Remunerations and Nominations Committee	
Remunerations and Nominations Committee meet periodically (every six months at least), and as needed.	Remunerations and Nominations Committee meet periodically (every year at least), and as needed.
Article No (78): Appointment of Auditor	
The ordinary general assembly appoints the company's auditor on basis of a recommendation of the board of directors from among nominees.	The ordinary general assembly appoints the company's auditor on basis of a recommendation of the board of directors
Article No (87): Clause (42)	
42. A clause not found in the current regulation	42. Information related to any competing businesses of the company or any of the branches of the activity it is engaged in and which it is engaged in or was practiced by any member of the Board of Directors, so that it includes the names of those involved in the competing business, and the nature and conditions of these businesses, and if there are no such businesses, the company must submit a declaration of that.



General Assembly meeting
Zahrat Al Waha for Trading
Saudi public joint stock company

Item No. 12

Before Amendment

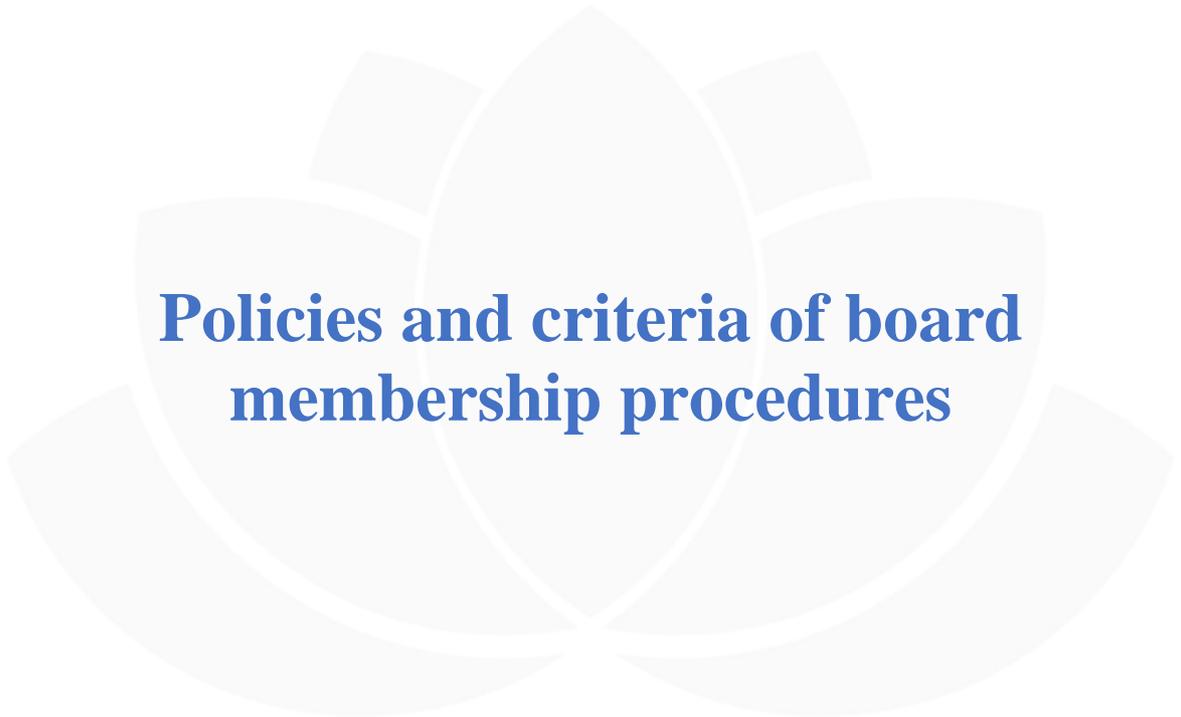
**Regulations and policies generated
from Corporate Governance**

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



Policies and criteria of board membership procedures

Regulations and policies generated from Corporate Governance

This policy was issued pursuant to the decision of the company's shareholders' general assembly held on Monday 14/09/1442 corresponding to 04/26/2021, based on the recommendation of the Board of Directors at its meeting No. 4/2020 held on 12/12/1441 corresponding to 07/23/2020.

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Regulations and policies generated from Corporate Governance

Article One: Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted criteria for nominating members of the Board of Directors in the company and selecting them based on competence and ability to represent the Board of Directors and the committees emerging from it, in a manner that ensures the availability of expertise. The scientific and practical ability and knowledge that would contribute to raising the company's operational efficiency and determining their remuneration and the remuneration of the executive management, in accordance with the standards and controls contained in the Companies Law and the Corporate Governance Regulations and other relevant laws and regulations.

This regulation aims to regulate the criteria and procedures for nomination for membership of the Board of Directors, in light of the rules governing membership of the Board of Directors in listed joint stock companies stipulated in the Companies Law, the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies, and the Corporate Governance Regulations issued by the Capital Market Authority.

Article Two: Responsibilities

- The Nomination and Remuneration Committee is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Board Secretary is responsible for supporting the Nominations and Remuneration Committee to issue and update this policy and to develop procedures that assist in its implementation.
- The policy is submitted to the General assembly for approval.
- The company's nomination and remuneration committee is responsible for implementing what is stated in this policy on behalf of the company's board of directors responsible for its implementation.

Article Three: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for Joint Stock Companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019.

Regulations and policies generated from Corporate Governance

- Corporate Governance Regulations.
- A regulation of the procedures of the Board of Directors.
- Audit Committee regulation.
- Remuneration and nomination committee Regulation.
- Risk management regulation.
- Corporate Governance Committee regulation.

Article Four: The rules governing membership of the Board of Directors.

In light of the provisions governing membership of the Board of Directors stipulated in the Companies Law and the Corporate Governance Regulations, the standards and procedures for membership of the Board of Directors include the following:

First: Responsibilities of the Nomination and Remuneration Committee for nominating Board Members:

- Recommending to the Board of Directors to nominate the new member or to re-nominate him again in accordance with articles of association of the company, considering not to nominate any person previously convicted of the crime of breach of trust.
- Preparing standards for the capabilities and qualifications required for membership of the Board of Directors.
- Determine the time that the member should allocate to the work of the Board of Directors.
- Annual review of the necessary skills needed for membership of the Board of Directors.
- Develop job descriptions for members of the Board of Directors.
- Publish a disclosure on the company's website on the Saudi Stock Exchange website (Tadawul) and in any other means specified by the competent authority, to invite persons wishing to run for membership in the Board of Directors, provided that the door for nomination remains open for at least one month from the date of the Disclosure.
- Considering that there should be a sufficient number of independents among the candidates in order to allow the General Assembly to elect from among them at least one third of the members of the Board.
- Considering that the number of candidates for the Board of Directors whose names are presented to the General Assembly exceeds the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.
- The Nominations and Remuneration Committee coordinates with the company's executive representative in front of the Capital Market Authority to provide the Capital Market Authority with the CVs of the candidates for membership of the Board of Directors according to the CV template of the candidate for membership of the Board of Directors in the joint stock companies listed in the Saudi Stock Exchange (Tadawul), in addition to any copies of notices Nomination and its attachments.

Second: Requirements related to candidacy for membership of the Board of Directors:

- Submit a letter to the company's management stating his desire to nominate within the one-month Disclosure of period of the opening for nomination, provided that the letter is accompanied by his curriculum vitae,

Regulations and policies generated from Corporate Governance

qualifications, and experience in the company's business field in accordance with the relevant statutory forms and requirements.

- Submit a statement that includes the names of the joint-stock companies that he participates in the membership of their boards of directors and the committees emanating from them.
- Submit a statement of the companies or establishments that he participates in managing or owning and conducting business similar to that of the company.
- Disclosure to the Board of Directors and the General Assembly of any cases of conflict of interest - in accordance with the procedures prescribed by the authority - and include:
 - Any direct or indirect interest in the business and contracts made for the company's account.
 - His participation in a business that would compete with the company or compete with it in one of the branches of the activity that he is practicing.
- Submit a statement of the number and date of the boards of directors of the companies whose membership he has assumed if he has previously held a membership in the board of directors of one of the joint-stock companies, but if he has previously held the membership of the company's board of directors in previous sessions, he must attach a statement of the sessions in which he participated. The company has completed the necessary.

Third: Conditions for membership of the Board of Directors

It is a requirement that a member of the Board of Directors be of those with professional competence and appropriate academic qualifications who possess the necessary experience, knowledge, skill and independence in order to enable him to carry out his duties efficiently and competently, and in particular the following shall be taken into consideration:

1. The candidate for membership in the Board should not have been previously convicted of a crime involving breach of honor and trust, and not be insolvent or bankrupt, or become unfit for membership in the Board in accordance with any system or instructions in force in the Kingdom.
2. A board member should not hold a membership in more than five joint stock companies listed in the financial market simultaneously.
3. That the member of the board of directors represents all the shareholders and that he adheres to what is in the interest of the company in general and not what is in the interests of the group he represents or which voted to appoint him to the board of directors.
4. The number of independent members should not be less than two, which represents one-third of the board members, as the membership of the company's board of directors consists of (6) members.
5. An independent member must enjoy complete independence in his position and decisions, and none of the independence symptoms stipulated in Article (20) of the Governance Regulations issued by the Authority shall not apply to him.

Regulations and policies generated from Corporate Governance

6. Leadership ability: That he has leadership skills that qualify him to grant authority in a way that leads to stimulating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.
7. Competence: by having academic qualifications, appropriate professional and personal skills, level of training, practical experiences related to the company's current and future activities, management, economics, accounting, law or governance, as well as a desire to learn and train.
8. Ability to direct: By having technical, leadership, and administrative capabilities, speed in decision-making, comprehension of technical requirements related to workflow, and be able to strategic direction, planning and a clear future vision.
9. Financial Knowledge: By being able to read and understand financial statements and reports.
10. Health fitness: That he does not have a health obstacle that hinders him from exercising his duties and specializations.
11. Good behavior: continuous commitment to work ethics and to the provisions of applicable laws, regulations and instructions.

When electing members of the Board of Directors, the General Assembly must take into account the recommendations of the Nomination and Remuneration Committee and the availability of the personal and professional assets necessary to perform their duties effectively in accordance with what is stated in this Article.

Fourth: The vacant position in the board of directors or upon the expiration of the membership of a member of the board

- According to what is stated in articles of association, when the position of one of the members of the board of directors becomes vacant, the board may appoint a member - temporarily - in the vacant position at their discretion according to the selection conditions mentioned in the policy and it must inform the competent authority of that within five working days from the date of appointment and present this Appointment of the general assembly in its first meeting, and the new member completes the term of his predecessor. If the conditions for the meeting of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in articles of association, the members 'dome must call the general assembly to convene within sixty days to elect the necessary number of members.
- The company's articles of association indicate how the membership of the board of directors will be terminated. The general assembly may dismiss all or some of the members of the board of directors at any time, even if articles of association of the company stipulate otherwise.
- When the membership of a member of the board of directors ends in one of the methods stipulated in articles of association of the company due to the expiration of the membership, the secretary of the board must immediately notify the competent authority in the ministry and the authority, stating the reasons for this.
- If a member of the board of directors resigns and has comments on the performance of the company, he must submit a written statement thereof to the chairman of the company's board of directors. This statement must be presented to all members of the board of directors.

Regulations and policies generated from Corporate Governance

Article Five: General provisions for membership of the Board of Directors

- The company shall make available to the shareholders information about the candidates for membership of the Board of Directors no less than three days before the date of the election, provided that this information includes a description of the candidates' experiences, qualifications and skills.
- Each shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors. And that is within the limits of his ownership percentage in the capital.

Article Six: Remuneration for Board Members

- The remuneration of a member of the Board of Directors - for the work of the Board of Directors - is a specific amount and an attendance allowance for the sessions.
- A member deserves a remuneration for the additional work or executive, technical, administrative or advisory positions assigned to him under a professional license that he is assigned to in the company, in addition to the bonus that can be collected in his capacity as a member of the Board of Directors and in the committees formed by the Board Management according to the Companies Law and the Company's Articles of Association.
- The Board may set a remuneration for the members / member of the Board of Directors for his membership in the committees emanating from the Board.
- The remunerations that a member of the board of directors collect shall be fair and proportionate to the member's competencies and the work and responsibilities that the board members undertake and bear, and Purposes set by the board of directors to be achieved during fiscal year.
- The bonus payment will be stopped or refunded if it appears that it was decided based on inaccurate information provided by the member of the Board of Directors.
- The remuneration must be proportional to the number of sessions the member attends.
- The remuneration of the members of the Board of Directors and the committees emerging from it shall be taken into consideration what is stated in the relevant regulations and regulations.
- In all cases, the total remuneration that a member of the board of directors receives does not exceed what is stipulated in the regulations and controls laid down by the competent authority and within the limits of what is stipulated in the Companies Law and its regulations.
- Pursuant to what was mentioned in the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors shall be according to the table below:

Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive board member (Deducted)	SAR 100,000
Remuneration for an executive board member	SAR Zero

Regulations and policies generated from Corporate Governance

Allowances for attending meetings and other allowances are disbursed annually, while the deducted allowance is disbursed after it has been approved by the General Assembly.

Article Seven: Review and Update of the Policy

This policy is subject to periodic review by the Board of Directors and the recommendation of the Nominations and Remuneration Committee, and it can be amended by a decision of the General Assembly, bearing in mind that members of the Board of Directors are not allowed to vote on the item of remuneration of members of the Board of Directors at the General Assembly meeting.

Article Eight: Disclosure

The Board of Directors must disclose in its annual report the details of this policy, the mechanisms for determining the remuneration of the members of the board, its committees, and the executive directors and the amounts and financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative or advisory work or positions.

Article Nine: Implementation

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation rests with the Board of Directors.

The Board of Directors - with the support of the Nomination and Remuneration Committee - reviews this policy periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.

Regulations and policies generated from Corporate Governance



After Amendment

**Policies And Criteria of Board
Membership Procedures**

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company

Regulations and policies generated from Corporate Governance

This policy was issued in accordance with the decision of the general assembly of the shareholders of the company held on Monday on 14/09/1442 H corresponding to 26/04/2021 based on the proposal of the company's board of directors meeting No. 4/2020, held on 02/12/1441 AH, corresponding to 23/07/2020.

This policy was amended based on the amendment of the Companies Law and the Corporate Governance Regulations based on Royal Decree 132 dated 01/12/1443 AH, and in accordance with the recommendation of the Board of Directors in its meeting No. 1/2023 held on 10/08/1444 AH corresponding to 02/03/2023 AD.



Regulations and policies generated from Corporate Governance

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Regulations and policies generated from Corporate Governance

Article One: Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives, and developing its performance, the company has adopted criteria for nominating members of the Board of Directors in the company and selecting them based on competence and ability to represent the Board of Directors and the committees emerging from it, in a manner that ensures the availability of expertise. The scientific and practical ability and knowledge that would contribute to raising the company's operational efficiency and determining their remuneration and the remuneration of the executive management, in accordance with the standards and controls contained in the Companies Law and the Corporate Governance Regulations and other relevant laws and regulations.

This regulation aims to regulate the criteria and procedures for nomination for membership of the Board of Directors, in light of the rules governing membership of the Board of Directors in listed joint stock companies stipulated in the Companies Law, the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies, and the Corporate Governance Regulations issued by the Capital Market Authority.

Article Two: Responsibilities

- The Remuneration and Nomination Committee is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Board Secretary is responsible for supporting the Remuneration and Nomination Committee to issue and update this policy and to develop procedures that assist in its implementation.
- The policy is submitted to the General assembly for approval.
- The company's Remuneration and Nomination committee are responsible for implementing what is stated in this policy on behalf of the company's board of directors responsible for its implementation.

Article Three: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020. Amended by CMA Council Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH corresponding to 06/30/ 2022 AD.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for Joint Stock Companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019, Amended by Capital Market Authority Board Resolution No. (8-5-2023) dated 06/25/1444 AH 01/18/2023 AD.

Regulations and policies generated from Corporate Governance

- Corporate Governance Regulations.
- A regulation of the procedures of the Board of Directors.
- Audit Committee regulation.
- Remuneration and Nomination committee Regulation.
- Risk management regulation.
- Corporate Governance Committee regulation.

Article Four: The rules governing membership of the Board of Directors

In light of the provisions governing membership of the Board of Directors stipulated in the Companies Law and the Corporate Governance Regulations, the standards, and procedures for membership of the Board of Directors include the following:

First: Responsibilities of the Remuneration and Nomination Committee for nominating Board Members:

- Recommending to the Board of Directors to nominate the new member or to re-nominate him again in accordance with articles of association of the company, considering not to nominate any person previously convicted of the crime of breach of trust.
- Preparing standards for the capabilities and qualifications required for membership of the Board of Directors.
- Determine the time that the member should allocate to the work of the Board of Directors.
- Annual review of the necessary skills needed for membership of the Board of Directors.
- Develop job descriptions for members of the Board of Directors.
- Publish a disclosure on the company's website on the Saudi Stock Exchange website (Tadawul) and in any other means specified by the competent authority, to invite persons wishing to run for membership in the Board of Directors, provided that the door for nomination remains open for at least one month from the date of the Disclosure.
- Considering that there should be a sufficient number of independents among the candidates in order to allow the General Assembly to elect from among them at least one third of the members of the Board, whichever is greater.
- Considering that the number of candidates for the Board of Directors whose names are presented to the General Assembly exceeds the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.
- The Remuneration and Nomination Committee coordinates with the company's executive representative in front of the Capital Market Authority to provide the Capital Market Authority with the CVs of the candidates for membership of the Board of Directors according to the CV template of the candidate for membership of the Board of Directors in the joint stock companies listed in the Saudi Stock Exchange (Tadawul), in addition to any copies of notices Nomination and its attachments.

Regulations and policies generated from Corporate Governance

Second: Requirements related to candidacy for membership of the Board of Directors:

- Submit a letter to the company's management stating his desire to nominate within the one-month Disclosure of period of the opening for nomination, provided that the letter is accompanied by his curriculum vitae, qualifications, and experience in the company's business field in accordance with the relevant statutory forms and requirements.
- Submit a statement that includes the names of the joint-stock companies that he participates in the membership of their boards of directors and the committees emanating from them.
- Submit a statement of the companies or establishments that he participates in managing or owning and conducting business similar to that of the company.
- Disclosure to the Board of Directors and the General Assembly of any cases of conflict of interest - in accordance with the procedures prescribed by the authority - and include:
 - Any direct or indirect interest in the business and contracts made for the company's account.
 - His participation in a business that would compete with the company or compete with it in one of the branches of the activity that he is practicing.
- Submit a statement of the number and date of the boards of directors of the companies whose membership he has assumed if he has previously held a membership in the board of directors of one of the joint-stock companies, but if he has previously held the membership of the company's board of directors in previous sessions, he must attach a statement of the sessions in which he participated. The company has completed the necessary.

Third: Conditions for membership of the Board of Directors

It is a requirement that a member of the Board of Directors be of those with professional competence and appropriate academic qualifications who possess the necessary experience, knowledge, skill, and independence in order to enable him to carry out his duties efficiently and competently, and in particular the following shall be taken into consideration:

1. The candidate for membership in the Board should not have been previously convicted of a crime involving breach of honor and trust, and not be insolvent or bankrupt, or become unfit for membership in the Board in accordance with any system or instructions in force in the Kingdom.
2. A board member should not hold a membership in more than five joint stock companies listed in the financial market simultaneously.
3. That the member of the board of directors represents all the shareholders and that he adheres to what is in the interest of the company in general and not what is in the interests of the group he represents, or which voted to appoint him to the board of directors.
4. The number of independent members should not be less than two, which represents one-third of the board members, as the membership of the company's board of directors consists of (6) members.

Regulations and policies generated from Corporate Governance

5. An independent member must enjoy complete independence in his position and decisions, and none of the independence symptoms stipulated in Article (19) of the Governance Regulations issued by the Authority shall not apply to him.
6. Leadership ability: That he has leadership skills that qualify him to grant authority in a way that leads to stimulating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.
7. Competence: by having academic qualifications, appropriate professional and personal skills, level of training, practical experiences related to the company's current and future activities, management, economics, accounting, law, or governance, as well as a desire to learn and train.
8. Ability to direct: By having technical, leadership, and administrative capabilities, speed in decision-making, comprehension of technical requirements related to workflow, and be able to strategic direction, planning and a clear future vision.
9. Financial Knowledge: By being able to read and understand financial statements and reports.
10. Health fitness: That he does not have a health obstacle that hinders him from exercising his duties and specializations.
11. Good behavior: continuous commitment to work ethics and to the provisions of applicable laws, regulations, and instructions.

When electing members of the Board of Directors, the General Assembly must consider the recommendations of the Remuneration and Nomination Committee and the availability of the personal and professional assets necessary to perform their duties effectively in accordance with what is stated in this Article.

Fourth: The vacant position in the board of directors or upon the expiration of the membership of a member of the board

- According to what is stated in articles of association, when the position of one of the members of the board of directors becomes vacant, the board may appoint a member - temporarily - in the vacant position at their discretion according to the selection conditions mentioned in the policy and it must inform the competent authority of that within five working days from the date of appointment and present this Appointment of the general assembly in its first meeting, and the new member completes the term of his predecessor. If the conditions for the meeting of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in articles of association, the members 'dome must call the general assembly to convene within sixty days to elect the necessary number of members.
- The Articles of Association of the company indicate how the membership of the Board of Directors ends. The Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time, and a member of the Board of Directors may retire on condition This must be at an appropriate time, otherwise he will be liable to the company for the damages resulting from his retirement. The General Assembly may - based on

Regulations and policies generated from Corporate Governance

the recommendation of the Board of Directors - terminate the membership of any member who was absent from attending (three) consecutive meetings or (five) separate meetings during his membership period without a legitimate excuse accepted by the Board of Directors.

- When the membership of a member of the board of directors ends in one of the methods stipulated in articles of association of the company due to the expiration of the membership, the secretary of the board must immediately notify the competent authority in the ministry and the authority, stating the reasons for this.
- If a member of the board of directors resigns and has comments on the performance of the company, he must submit a written statement thereof to the chairman of the company's board of directors. This statement must be presented to all members of the board of directors.

Article Five: General provisions for membership of the Board of Directors

- The company shall make available to the shareholders information about the candidates for membership of the Board of Directors no less than three days before the date of the election, provided that this information includes a description of the candidates' experiences, qualifications, and skills.
- Each shareholder has the right to nominate himself or one or more shareholders or others for membership in the Board of Directors. And that is within the limits of his ownership percentage in the capital.

Article Six: Remuneration for Board Members

- The remuneration of a member of the Board of Directors - for the work of the Board of Directors - is a specific amount and an attendance allowance for the sessions.
- A member deserves a remuneration for the additional work, or executive, technical, administrative, or advisory positions assigned to him under a professional license that he is assigned to in the company, in addition to the bonus that can be collected in his capacity as a member of the Board of Directors and in the committees formed by the Board Management according to the Companies Law and the Company's Articles of Association.
- The Board may set a remuneration for the members / member of the Board of Directors for his membership in the committees emanating from the Board.
- The remunerations that a member of the board of directors collect shall be fair and proportionate to the member's competencies and the work and responsibilities that the board members undertake and bear, and Purposes set by the board of directors to be achieved during fiscal year.
- The bonus payment will be stopped or refunded if it appears that it was decided based on inaccurate information provided by the member of the Board of Directors.
- The remuneration must be proportional to the number of sessions the member attends.
- The remuneration of the members of the Board of Directors and the committees emerging from it shall be taken into consideration what is stated in the relevant regulations and regulations.

Regulations and policies generated from Corporate Governance

- In all cases, the total remuneration that a member of the board of directors receives does not exceed what is stipulated in the regulations and controls laid down by the competent authority and within the limits of what is stipulated in the Companies Law and its regulations.
- Pursuant to what was mentioned in the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors shall be according to the table below:

Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive board member (Deducted)	SAR 100,000
Remuneration for an executive board member	SAR Zero

Allowances for attending meetings and other allowances are disbursed annually, while the deducted allowance is disbursed after it has been approved by the General Assembly.

Article Seven: Review and Update of the Policy

This policy is subject to periodic review by the Board of Directors and the recommendation of the Remuneration and Nomination Committee, and it can be amended by a decision of the General Assembly, bearing in mind that members of the Board of Directors are not allowed to vote on the item of remuneration of members of the Board of Directors at the General Assembly meeting.

Article Eight: Disclosure

The Board of Directors must disclose in its annual report the details of this policy, the mechanisms for determining the remuneration of the members of the board, its committees, and the executive directors and the amounts and financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative, or advisory work or positions.

Article Nine: Implementation

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation rests with the Board of Directors.

The Board of Directors - with the support of the Remuneration and Nomination Committee - reviews this policy periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.



General Assembly meeting
Zahrat Al Waha for Trading
Saudi public joint stock company

Item No. 13

Before Amendment

**Regulations and policies generated
from Corporate Governance**

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



Audit Committee regulation

Audit Committee regulation

This policy was issued pursuant to the decision of the company's shareholders' general assembly held on Monday 14/09/1442 corresponding to 04/26/2021, based on the recommendation of the Board of Directors at its meeting No. 4/2020 held on 12/12/1441 corresponding to 07/23/2020.

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Audit Committee regulation

1- Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's goals and developing its performance, the company has adopted the audit committee's regulation and the selection of its members based on the competence and ability to represent the audit committee, in a manner that ensures the availability of expertise, ability, and scientific and practical knowledge that This regulation aims to regulate the work of the audit committee by defining its functions and authority, in addition to its work controls and procedures, the rules for selecting its members, how to nominate them, and determining their remuneration in accordance with the standards and controls contained in the system Companies, Corporate Governance Regulations and other relevant laws

The Audit Committee is considered one of the important committees in the listed public joint-stock companies because of its essential and effective role in supervising the work and procedures of external auditing, internal auditing, the internal control process, developing systems and plans related to these activities and following up on their implementation and the company's commitment and compliance with generally accepted regulations and standards. The regulations of the Saudi Capital Market Authority and the Saudi Companies Law have given special importance to the audit committee through its formation by the General Assembly in accordance with the provisions of Article (101) of the Companies Law and strengthening its framework and authority

2- Objectives of the Committee

- Verifying the completeness and adequacy of the internal audit work by reviewing the effectiveness, completeness, and adequacy of the arrangements for the internal audit department.
- Verifying the company's management's response to the topics that are identified and monitored through the activity and work of the committee, especially the work of internal auditing and external auditing, and verifying its independence.
- Verifying the company's acceptance and understanding of the role, function, and value of the internal audit through the established mechanisms such as the annual internal audit report.
- Measuring and evaluating the effectiveness of the company's internal control and audit systems.

Audit Committee regulation

- Verify compliance with the regulations, laws, standards, and policies related to the scope of work, tasks and responsibilities of the committee.

3- Responsibilities

- The Audit Committee is responsible for preparing and reviewing the regulation and proposing changes it deems appropriate and submitting them to the Board of Directors for consideration.
- The Secretary of the Board of Directors is responsible for supporting and assisting the Audit Committee to issue and update this policy and to develop procedures that assist in its implementation.
- The Audit Committee's work list is presented to the General assembly for approval.
- The company's audit committee is responsible for implementing what is mentioned in these regulations.
- The Board of Directors monitors the work of the Audit Committee regularly to verify the practice of the business assigned to it.

4- References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) on 16/5/1438 AH corresponding to 2/13/2017 amended by Resolution of the Board of the Capital Market Authority No. (3-57-2019) on 15/9/1440 AH corresponding to 5/20/2019.
- Corporate Governance Regulations.
- Membership policies and procedures for the Board of Directors' committees.
- A regulation of the work procedures of the Board of Directors.
- Nomination and Remuneration Committee regulation.

Audit Committee regulation

- Governance Committee Regulations.

5- Formation of the Committee

- The audit committee is formed by a decision of the company's general assembly based on a proposal from the board of directors. The decision includes its duties, its work controls, the remuneration of its members, and the duration of their membership.
- The audit committee shall be formed from other than the members of the executive board of directors, whether from the shareholders or from others. The number of members of the committee should not be less than three and not more than five, provided that among them is an independent board member, and among them there is a specialist in financial and accounting affairs.
- The General Assembly - based on the nomination of the Board of Directors - appoints the members of the Audit Committee in accordance with the following selection rules:
 - That the candidate has a record of experiences related to the tasks of the audit committee.
 - The candidate must have a good knowledge of the company's activities and business and risks it faces.
 - That among the candidates be specialists in financial and accounting affairs, such as holders of a university degree or professional fellowship in accounting.
 - The candidate should not be an employee (or have worked in the past two years as an employee) of the company or any company within its group or any party associated with it, such as an auditor, major suppliers or clients, or be owner of controlling shares with any of those parties During past two years.
 - That a judgment has not been issued against the candidate for committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
 - The selection of the candidate for the membership of the committee should not be contrary to the relevant laws, regulations and instructions.
- The members of the committee choose a chairperson from among them for the duration of the committee's membership, and if the committee chair is absent or unable to meet remotely, the members of the committee present will appoint a chairperson for the meeting.
- A committee member performs his duties from the date of his appointment, and his membership ends in one of the following cases:

Audit Committee regulation

- The end of the session of the Board of Directors.
- His resignation, without prejudice to the right of the company to compensation if the resignation occurred at an inappropriate time.
- He suffers from a mental illness or a physical disability that prevents him from performing his duties on the committee.
- A court ruling declaring his bankruptcy or insolvency or his request for a settlement with his creditors.
- A conviction for committing an act that breaches honor and trust or for forgery, or for violating the laws and regulations in force in the Kingdom of Saudi Arabia or in any other country.
- A decision by the General Assembly to exempt him from membership in the committee for any of the following reasons:
 - Breaching his responsibilities, tasks and duties, which would result in harm to interest of company.
 - He was absent from three consecutive meetings within one year without a legitimate excuse.
 - Other than the above-mentioned reasons that the association considers; This is without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
- Losing at any time any of the selection rules for membership in the audit committee established by law or in accordance with these regulations.
- If the position of a member of the committee becomes vacant in one of the previous cases or others during the term of membership, the Board may appoint - temporarily - a member of the vacant position, provided that he who meets the selection rules for membership of the committee referred to in these regulations, provided that the appointment is presented to The General assembly at its first meeting to approve it, and the new member completes the term of his predecessor.
- If the general assembly is not able to form the members of the committee at the beginning of the session of the board of directors, the board may form an audit committee - temporary - provided that its members meet the selection rules for membership of the audit committee referred to in these regulations, provided that the temporary committee works in accordance with the provisions of these regulations And its members are granted remuneration calculated based on the decision of the general assembly determined for the annual remuneration of the members of the audit committee that precedes the formation of the temporary committee, and the board of directors shall invite the general assembly to meet within a period not exceeding three months from the date of the formation of the aforementioned committee. To form the audit committee.

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- The committee shall appoint a secretary for it, whether from among its members or whoever it deems appropriate from the company's management team to prepare for the committee's meetings and work, prepare its minutes, document them, and follow up on the implementation of its recommendations, directives and decisions without having the right to vote.

6- Duties and responsibilities of the committee

In light of what is stated in Chapter Four of the Companies Law, and what is stipulated in the rules governing the Audit Committee in the Corporate Governance Regulations issued by the :Capital Market Authority, the duties and responsibilities of the audit committee are as follows

✓ **First: Financial Reports**

- Reviewing the preliminary quarterly and annual financial statements before submitting them to the Board of Directors and expressing opinions and recommendations regarding them to ensure their integrity, fairness and transparency.
- Express a technical opinion on whether the annual report of the board of directors and the financial statements of the company are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
- Study the unusual issues included in the financial statements and make recommendations regarding them if necessary.
- Searching for any issues raised by the company's financial manager, whoever assumes the duties of the company's compliance officer, or the auditor.
- Verify accounting estimates in the material issues included in the financial reports.
- Study the financial and accounting policies followed in the company and express opinion and recommendation to the Board of Directors in this regard.

✓ **Second: Study the internal control systems**

- Study and review the internal and financial control and risk management systems and ensure their effectiveness through periodic reports of the Internal Audit Department or others on the adequacy and effectiveness of the internal and financial control systems and risk management systems and follow up the implementation of recommendations and corrective actions for the notes contained therein.
- Preparing a report for the Board of Directors that includes its opinion on the adequacy of these systems and their recommendations to deal with essential matters and any other recommendations for developing these systems and what it has undertaken of other actions that fall within its jurisdiction.

✓ **Third: The Internal Audit Department**

Audit Committee regulation

- Supervising and monitoring the work of the Internal Audit Department and verifying its effectiveness in performing its duties and responsibilities.
 - Study and approve the annual audit plan with the Internal Audit Department.
 - Studying and reviewing the reports of the periodic internal review department and following up the implementation of corrective actions for the observations contained therein.
 - Recommending to the Board of Directors to approve the organizational structure and job description of the internal audit department, and to ensure its independence in the organizational structure of the company.
 - Recommending to the Board of Directors to appoint or dismiss the Director of the Internal Audit Department, and to evaluate his performance on an annual basis.
- ✓ **Fourth: The Auditor**
- Recommending to the Board of Directors to nominate or dismiss the auditors, and to determine their fees, after evaluating their performance, ensuring their independence and reviewing the scope of their work and the terms of contracting with them.
 - Verifying the auditor's independence and objectivity, and the effectiveness of the audit work, in light of the rules and standards regulating this.
 - Reviewing the auditor's work procedures plan, verifying that there is no excess or deficiency in the performance of his duties and verifying that he is not performing tasks outside the scope of the audit work and expressing his views on that.
 - Answer the inquiries of the company's auditor and provide the necessary support to enable him to perform his duties.
 - Studying the auditor's reports and notes on the financial statements and following up on what has been taken in their regard.
- ✓ **Fifth: To ensure compliance**
- Study the reports of the supervisory authorities regarding the company's compliance with the regulations and instructions and ensure that the company takes the necessary measures them.
 - Ensure that the company adheres to the relevant laws, regulations, policies and instructions.
 - Review the contracts and proposed transactions that the company conducts with related parties and express opinion to the Board of Directors regarding them.
 - Submitting and recommending to the Board of Directors the necessary measures to be taken in matters that it deems necessary for the Board to take action on them.
- ✓ **Sixth: Arrangements for submitting comments**
- Establishing the appropriate mechanism through which employees of the company can provide their observations regarding any violation of the company's internal systems, including the systems

Audit Committee regulation

related to the preparation of the company's financial statements, provided that this mechanism ensures that the rights of the observer are not violated because of his submission to them.

- Establishing appropriate procedures to initiate, and follow-up on observations made by company employees, and to ensure the independence of those procedures.

7- The Committee's authority

In order for the audit committee to be able to perform its duties, and in accordance with the relevant laws and regulations, it shall have the following authority

- The audit committee has the right to form a working group emanating from it for any purpose it deems appropriate, provided that the number of members of any working group is not less than two. It is also entitled to grant, and achieve its objectives, the work team emanating from it some of its authority and authority when it deems it appropriate.
- Investigating any activity that falls within its authority or any subject specifically requested by the board of directors, the shareholders association, or the external auditors.
- To seek legal and technical advice from any external or advisory body whenever necessary to assist the committee in performing its duties.
- The audit committee is responsible for monitoring the company's business and in order to perform its duties:
 - Requesting access to company records and documents.
 - Requesting any clarification or statement from the Board of Directors or the Executive Management.
 - To ask the board of directors to invite the general assembly of the company to convene if the board of directors impedes its work or suffers heavy damage or losses.
 - Interviewing the external auditors and employees of the company, including the Director of the Internal Audit Department, to inquire from them about the audit work and make any observations within the scope of its work.
- If there is a conflict between the recommendations of the audit committee and the decisions of the board of directors, or if the board refuses to take the committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees and assessing his performance, or appointing the director of the internal audit department, the board's report must include the committee's recommendation and justifications, and the reasons for not taking it into account.
- The audit committee - at the expense of the company - and after the approval of the board of directors, may seek the assistance of a non-executive board member - who is not members of the audit committee - or whomever it deems necessary to be experts or specialists in studying the issues that fall within its duties and responsibilities.

8- The committee's procedures controls

✓ **First: The terms of reference of the committee chairman and secretary**

- The chairman of committee undertakes the following tasks:
 - Managing committee meetings and working to enhance its effectiveness.
 - Representing the committee before the general assembly and the board of directors.
 - The committee chairman or whomever he delegates from among the committee members must attend the general assemblies to answer shareholders' questions.
 - Calling the committee to convene with specifying the time, date and place of the meeting, after coordination with the committee members.
 - Preparing the agenda, considering the topics that a committee member wishes to include.
 - Ensure that the topics presented to the committee are accompanied by sufficient information to enable the committee to take decisions regarding them.
 - Ensure that sufficient time is available to discuss the agenda items for the committee meeting.
 - Promoting the effective participation of members in the committee's meetings by studying and discussing issues on the agenda of its meetings, and by expressing their views in a manner that contributes to achieving the committee's goals.
 - Ensure that committee members are provided with complete and correct information in a timely fashion; To enable them to perform their duties.
 - Preparing periodic reports on the committee's activities and submitting its recommendations and findings to the Board of Directors.
 - Follow up on the implementation of the decisions issued by the committee.
 - Establishing the necessary arrangements for the periodic evaluation of the committee's performance.
- The duties of the committee secretary are as follows:
 - Coordinating committee meetings, and developing a proposal for its agenda, in coordination with the committee chairman.
 - Informing committee members of the meeting dates and providing them with its agenda, and the documents necessary to study the meeting items.
 - The secretary of the committee submits periodic reports and minutes about the activities and work of the committee to the board of directors and performs all other tasks that may be entrusted to him by the committee.
 - Attending and documenting committee meetings, preparing its minutes and keeping them in a special register.
 - Keeping documents, records and reports presented to or issued by the committee.
 - Aiding and advice to the committee in matters that fall within its competencies.
 - The committee secretary is not entitled to participate in or vote on any of the committee's decisions.

✓ **Second: The duties of a committee member**

- Comply with the provisions of the Companies Law, the Financial Market Law and their implementing regulations, the relevant regulations and the Company's Articles of Association when exercising its duties, and refrain from doing or participating in any act that harms the interests of the company.
- He should be aware of the committee's duties and responsibilities, and he must allocate sufficient time to fulfill his role in achieving them.
- Carry out his duties far from any external influence, whether from inside or outside the company and he must not place his personal interests ahead of the company's interests.
- Not accepting gifts from anyone who has business dealings with the company.
- Preparing for meetings and commitment to attend them and not be absent from them except for objective justifications notified to the committee chairman in advance and accepted by the committee.
- Effective participation in the committee's meetings by studying and discussing the topics on the agenda of its meetings.
- Work to enhance knowledge of organizational developments in the fields and topics related to the committee's duties and responsibilities.
- Work to enhance knowledge of developments in the field of the company's activities and business and other related fields.

✓ **Third: Committee meetings**

- The committee meets periodically, provided that its meetings are not less than (4) meetings during the financial year of the company, based on an invitation from its chairman, and the committee chairman must invite it to meet in exceptional cases, including, for example, if requested by the board of directors or two members of the committee Or the auditor or the director of the internal audit department, or if circumstances require that, with an explanation of the reasons for calling the extraordinary meeting.
- The committee approves the dates and agenda for the meetings of the fiscal year before its start, and the invitation to attend the committee's meeting at least 5 days before its date. The meeting's invitation shall be attached to the agenda, documents and information needed to discuss the topics presented to the committee's meeting and take decisions in their regard.
- In exceptional cases, an invitation may be directed to attend the meeting at least (3) days before its date, in accordance with the invitation procedures specified in these regulations.
- The committee holds its meetings in the company's head office, and it may meet outside the head office after the approval of the board of directors. It is also permissible to hold meetings of the risk committee through modern technical means of communication virtually according to any emergency circumstances that necessitate this based on the approval of the audit committee.

Audit Committee regulation

- For the meeting to be valid, the attendance of the majority of the committee's members is required, and the committee member may - in cases of necessity - attend through the use of a modern technical means of communication, after the approval of the committee.
 - No member of the board of directors or executive management who is not a member of the committee is entitled to attend its meetings without an invitation from the committee to listen to his opinion or his advice.
 - The committee meets periodically with the auditor and the director of the internal audit department.
 - The decisions of the committee are issued by the majority of the votes of the attending members, and when the votes are equal, the side with which the chairperson voted shall prevail.
 - A member of the committee has the right to object to any decision taken by the committee, provided that his objection is explicitly proven in the minutes of the meeting with a statement of the reasons for his objection, and his absence from attending the meeting at which the decision is issued is not considered a reason for exemption from responsibility unless it is proven that he is not aware of the decision or is unable to directly object to it. After knowing it.
- ✓ **Fourth: Documenting committee meetings**
- The secretary of the committee prepares the minutes of the committee's meeting documentation, which include the following:
 - Place, date, start and end time of the meeting.
 - Names of the members present and not attending, indicating the names of those invited to attend the meeting who are not members of the committee.
 - The deliberations and decisions of the committee, with an indication of the results of the vote and the reasons for the objections, if any.
 - Determining the entity responsible for implementing the decisions taken, determining the time to initiate them, and the mechanism for following them up.
 - The secretary of the committee sends the draft minutes of the meeting to the members of the committee, and the members of the committee must make their comments on the draft minutes - if any - within a maximum period of (5) working days from the date of the transmission.
 - After processing the comments of the members of the committee on the draft of the minutes, and after the approval of the chairman of the meeting, the secretary of the committee sends the draft after amendment to the members of the committee in preparation for approval at the next committee meeting.
 - The meeting minutes attached to the meeting agenda and all accompanying documents are kept in a special register signed by the committee chairman and secretary.
- ✓ **Fifth: Follow up on the work of the committee**

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- The chairman of the committee submits its recommendations and its findings to the board of directors, in the first meeting of the board following the meeting of the committee.
- Sixth: Evaluating the committee's work
- The committee evaluates the results of its work periodically, provided that the evaluation elements include, for example, the effectiveness of the committee in carrying out the tasks assigned to it.

9- Report of the Committee to the General assembly

- The Audit Committee issues an annual report that includes its opinion on the adequacy of the company's internal control systems.
- The audit committee's report must include details of its performance of its competencies and tasks stipulated in the Companies Law and its implementing regulations, provided that it includes its recommendations and opinion on the adequacy of the company's internal and financial control and risk management systems.
- The board of directors must deposit sufficient copies of the audit committee's report in the company's head office and be published on the company's website and the website of the Capital Market Authority when disclosing the invitation to convene the general assembly; To enable shareholders who wish to obtain a copy of it and to read the summary of the report during the General Assembly.

10- Confidentiality of the Committee's Work

The member of the committee must abide by maintaining the confidentiality of the information made available to him and the documents he is acquainted with, and he is not permitted in any way - even if his membership is terminated - to disclose it to any individual or entity unless he is authorized to do so by the Board of Directors, or to use None of this information is to achieve a personal benefit for him, one of his relatives, or for others, and the company has the right to demand compensation in the event of a breach of .what is mentioned in this article, as this applies to the secretary of the committee

11- Conflict of Interest

- The member must avoid situations that lead to a conflict of his interests with the interests of the company and the conflict of interests means that there is a direct or indirect interest for any member in a topic on the committee's agenda, and that interest would influence (or believe the influence of that interest) on the independence of a member's opinion. The committee who is supposed to express his professional opinion.
- If a member has any conflict of interest in a topic on the committee's agenda, he must disclose that before the discussion of the topic begins, provided that this is proven in the minutes of the meeting. In this case, he may not attend the discussion of the relevant topic or participate in the discussion or vote on it.
- It is not permissible for a member of the committee to have a direct or indirect interest in contracts and business that are carried out for the company's account, and he may not participate in any work that would

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compete with the company or compete with the company in one of the branches of the activity that it is practicing.

- If a committee member fails to disclose his interest in the contracts and works that are carried out for the company's account, whether before his appointment as a member of the committee or during his membership, the company may claim before the competent judicial authority to annul the contract and compensation or to oblige the member to pay any profit or benefit achieved for him from that.
- If a committee member fails to disclose his participation in any business that would compete with the company or if he competes with the company in one of the branches of the activity that he is practicing, the company may claim compensation from him before competent judicial authority.
- It is not permissible for a committee member to exploit or benefit - directly or indirectly - from any of the company's assets, information, or investment opportunities subject to study - even if the decision is taken not to proceed with them - and he may not take advantage of these investment opportunities even after the end of his membership.
- In the event that the committee member is proven to have benefited from the investment opportunities, the company or any interested party may claim before the competent judicial authority to nullify any business, profit or benefit achieved from the investment opportunity. The company may also claim appropriate compensation.

12- Remuneration of Committee Members

- A member of the committee is entitled to an annual remuneration according to the remuneration policy for members of the board of directors, the committees emanating from it, and senior executives approved by the company's general assembly.
- The Board of Directors determines the remuneration and allowances that the secretary of the committee will receive for attending committee sessions.
- In the event that the General Assembly issued a decision to exempt a member from membership in the committee due to absence from three successive meetings within one year without an excuse accepted by the Board of Directors, this member is not entitled to any remuneration or compensation for the period following the last meeting he attended, and he must return all rewards and compensation that were disbursed Him about that period.
- The company has the right to claim compensation for damage to its reputation and recover the rewards, compensation and any other costs that the company incurred to facilitate the member's fulfillment of his responsibilities, in the event that the member commits an act that breaches honor and trust, fraud, or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country. Or when he breaches his responsibilities, tasks and duties, which will result in harm to the interest of the company.

Audit Committee regulation

13- Review and update of the regulation

The regulation is subject to periodic review by the Board of Directors and the recommendation of the Audit Committee with the aim of developing and updating it in line with the relevant laws and regulations and in accordance with the Board's opinion. No amendment may be made to it except by a decision of the Board .of Directors, provided that it is submitted to the General assembly for approval

14- Disclosure

✓ **First: Disclosure of the role of the audit committee**

- A brief description of the terms of reference of the audit committee, stating the name of the committee, its chairman and members, the number of its meetings, dates of its convening, and the attendance data of members for each meeting.
- Recommendation of the audit committee regarding the need to appoint a director of the internal audit department in the company, in case he is not present.
- The recommendations of the audit committee that there is a conflict between it and the decisions of the board of directors, or which the board refused to take into account regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance, or appointing the director of the internal audit department, the rationale for those recommendations, and the reasons for not taking them into account.

✓ **Second: Disclosure of the Audit Committee**

The Board of Directors must disclose in its annual report the details of these regulations and the mechanisms for determining the remuneration of the members of the audit committee, and the amounts and financial and in-kind benefits paid to each member of the committee in exchange for .any executive, technical, administrative or advisory work or positions

15- Implementation

- The regulation shall be effective from the date of its approval by the General Assembly, and the responsibility for its implementation with the Board of Directors and the Audit Committee.
- The Board of Directors - with the support of the Audit Committee - reviews this regulation periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.
- This regulation is complementary to articles of association of the company, the corporate governance system, and the policies approved by the company pertaining to the Board of Directors and the committees emerging from it.
- All that is not provided for in this regulation to apply the relevant laws and regulations issued by the competent authorities.

Audit Committee regulation

- This regulation cancels and replaces all procedures, decisions and internal regulations of the company that contradict it.



After Amendment

Audit Committee Regulation

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company

Regulations and policies generated from Corporate Governance

This policy was issued in accordance with the decision of the general assembly of the shareholders of the company held on Monday on 14/09/1442 H corresponding to 26/04/2021 based on the proposal of the company's board of directors meeting No. 4/2020, held on 02/12/1441 AH, corresponding to 23/07/2020.

This policy was amended based on the amendment of the Companies Law and the Corporate Governance Regulations based on Royal Decree 132 dated 01/12/1443 AH, and in accordance with the recommendation of the Board of Directors in its meeting No. 1/2023 held on 10/08/1444 AH corresponding to 02/03/2023 AD.



Regulations and policies generated from Corporate Governance

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Regulations and policies generated from Corporate Governance

Article One: Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's goals and developing its performance, the company has adopted the audit committee's regulation and the selection of its members based on the competence and ability to represent the audit committee, in a manner that ensures the availability of expertise, ability, and scientific and practical knowledge that This regulation aims to regulate the work of the audit committee by defining its functions and authority, in addition to its work controls and procedures, the rules for selecting its members, how to nominate them, and determining their remuneration in accordance with the standards and controls contained in the system Companies, Corporate Governance Regulations and other relevant laws.

The Audit Committee is considered one of the important committees in the listed public joint-stock companies because of its essential and effective role in supervising the work and procedures of external auditing, internal auditing, the internal control process, developing systems and plans related to these activities and following up on their implementation and the company's commitment and compliance with generally accepted regulations and standards. The regulations of the Saudi Capital Market Authority and the Saudi Companies Law have given special importance to the audit committee through its formation by the Board of Directors in accordance with the provisions of Article (51) of the Corporate Governance Regulations and strengthening its framework and authority.

Article Two: Objectives of the Committee

- Verifying the completeness and adequacy of the internal audit work by reviewing the effectiveness, completeness, and adequacy of the arrangements for the internal audit department.
- Verifying the company's management's response to the topics that are identified and monitored through the activity and work of the committee, especially the work of internal auditing and external auditing, and verifying its independence.
- Verifying the company's acceptance and understanding of the role, function, and value of the internal audit through the established mechanisms such as the annual internal audit report.
- Measuring and evaluating the effectiveness of the company's internal control and audit systems.
- Verify compliance with the regulations, laws, standards, and policies related to the scope of work, tasks, and responsibilities of the committee.

Article Three: Responsibilities

- The Audit Committee is responsible for preparing and reviewing the regulation and proposing changes it deems appropriate and submitting them to the Board of Directors for consideration.
- The Secretary of the Board of Directors is responsible for supporting and assisting the Audit Committee to issue and update this policy and to develop procedures that assist in its implementation.
- The Audit Committee's work list is presented to the General assembly for approval.
- The company's audit committee is responsible for implementing what is mentioned in these regulations.

Regulations and policies generated from Corporate Governance

- The Board of Directors monitors the work of the Audit Committee regularly to verify the practice of the business assigned to it.

Article Four: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020. Amended by CMA Council Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH corresponding to 06/30/ 2022 AD.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019, Amended by Capital Market Authority Board Resolution No. (8-5-2023) dated 06/25/1444 AH 01/18/2023 AD.
- Corporate Governance Regulations.
- Membership policies and procedures for the Board of Directors' committees.
- A regulation of the work procedures of the Board of Directors.
- Remuneration and Nomination Committee regulation.
- Governance Committee Regulations.

Article Five: Formation of the Committee

- The audit committee is formed by a decision of the company's board of directors. The decision includes its duties, its work controls, the remuneration of its members, and the duration of their membership.
- The audit committee shall be formed from other than the members of the executive board of directors, whether from the shareholders or from others. The number of members of the committee should not be less than three and not more than five, provided that among them is an independent board member, and among them there is a specialist in financial and accounting affairs.
- The board of directors appoints members of the Audit Committee in accordance with the following selection rules:
 - That the candidate has a record of experiences related to the tasks of the audit committee.
 - The candidate must have a good knowledge of the company's activities and business and risks it faces.
 - That among the candidates be specialists in financial and accounting affairs, such as holders of a university degree or professional fellowship in accounting.

Regulations and policies generated from Corporate Governance

- The candidate should not be an employee (or have worked in the past two years as an employee) of the company or any company within its group or any party associated with it, such as an auditor, major suppliers, or clients, or be owner of controlling shares with any of those parties During past two years.
- That a judgment has not been issued against the candidate for committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- The selection of the candidate for the membership of the committee should not be contrary to the relevant laws, regulations, and instructions.
- The members of the committee choose a chairperson from among them for the duration of the committee's membership, and in the event that the committee chair is absent or unable to meet remotely, the members of the committee present will appoint a chairperson for the meeting.
- A committee member performs his duties from the date of his appointment, and his membership ends in one of the following cases:
 - The end of the session of the Board of Directors.
 - His resignation, without prejudice to the right of the company to compensation if the resignation occurred at an inappropriate time.
 - He suffers from a mental illness or a physical disability that prevents him from performing his duties on the committee.
 - A court ruling declaring his bankruptcy or insolvency or his request for a settlement with his creditors.
 - A conviction for committing an act that breaches honor and trust or for forgery, or for violating the laws and regulations in force in the Kingdom of Saudi Arabia or in any other country.
 - A decision by the board of directors to exempt him from membership in the committee for any of the following reasons:
 - Breaching his responsibilities, tasks, and duties, which would result in harm to interest of company.
 - He was absent from three consecutive meetings or five separate meetings during his membership period without a legitimate excuse.
 - Other than the above-mentioned reasons that the board of directors considers; This is without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
 - Losing at any time any of the selection rules for membership in the audit committee established by law or in accordance with these regulations.
- If the position of a member of the committee becomes vacant in one of the previous cases or others during the term of membership, the Board may appoint a member of the vacant position, provided that he who meets the selection rules for membership of the committee referred to in these regulations, and the new member completes the term of his predecessor.
- The committee shall appoint a secretary for it, whether from among its members or whoever it deems appropriate from the company's management team to prepare for the committee's meetings and work,

Regulations and policies generated from Corporate Governance

prepare its minutes, document them, and follow up on the implementation of its recommendations, directives, and decisions without having the right to vote.

Article Six: Duties and responsibilities of the committee

In light of what is stipulated in the rules governing the Audit Committee in the Corporate Governance Regulations issued by the Capital Market Authority, the duties and responsibilities of the audit committee are as follows:

First: Financial Reports

- Reviewing the preliminary quarterly and annual financial statements before submitting them to the Board of Directors and expressing opinions and recommendations regarding them to ensure their integrity, fairness, and transparency.
- Express a technical opinion on whether the annual report of the board of directors and the financial statements of the company are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
- Study the unusual issues included in the financial statements and make recommendations regarding them if necessary.
- Searching for any issues raised by the company's financial manager, whoever assumes the duties of the company's compliance officer, or the auditor.
- Verify accounting estimates in the material issues included in the financial reports.
- Study the financial and accounting policies followed in the company and express opinion and recommendation to the Board of Directors in this regard.

Second: Study the internal control systems

- Study and review the internal and financial control and risk management systems and ensure their effectiveness through periodic reports of the Internal Audit Department or others on the adequacy and effectiveness of the internal and financial control systems and risk management systems and follow up the implementation of recommendations and corrective actions for the notes contained therein.
- Preparing a report for the Board of Directors that includes its opinion on the adequacy of these systems and their recommendations to deal with essential matters and any other recommendations for developing these systems and what it has undertaken of other actions that fall within its jurisdiction.

Third: The Internal Audit Department

- Supervising and monitoring the work of the Internal Audit Department and verifying its effectiveness in performing its duties and responsibilities.
- Study and approve the annual audit plan with the Internal Audit Department.
- Studying and reviewing the reports of the periodic internal review department and following up the implementation of corrective actions for the observations contained therein.

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- Recommending to the Board of Directors to approve the organizational structure and job description of the internal audit department, and to ensure its independence in the organizational structure of the company.
- Recommending to the Board of Directors to appoint or dismiss the Director of the Internal Audit Department, and to evaluate his performance on an annual basis.

Fourth: The Auditor

- Recommending to the Board of Directors to nominate or dismiss the auditor, and to determine their fees, work duration and scope after evaluating their performance, ensuring their independence, and reviewing the scope of their work and the terms of contracting with them.
- Verifying the auditor's independence and objectivity, and the effectiveness of the audit work, in light of the rules and standards regulating this.
- Reviewing the auditor's work procedures plan, verifying that there is no excess or deficiency in the performance of his duties and verifying that he is not performing tasks outside the scope of the audit work and expressing his views on that.
- Answer the inquiries of the company's auditor and provide the necessary support to enable him to perform his duties.
- Studying the auditor's reports and notes on the financial statements and following up on what has been taken in their regard.

Fifth: To ensure compliance

- Study the reports of the supervisory authorities regarding the company's compliance with the regulations and instructions and ensure that the company takes the necessary measures them.
- Ensure that the company adheres to the relevant laws, regulations, policies, and instructions.
- Review the contracts and proposed transactions that the company conducts with related parties and express opinion to the Board of Directors regarding them.
- Submitting and recommending to the Board of Directors the necessary measures to be taken in matters that it deems necessary for the Board to take action on them.

Sixth: Arrangements for submitting comments

- Establishing the appropriate mechanism through which employees of the company can provide their observations regarding any violation of the company's internal systems, including the systems related to the preparation of the company's financial statements, provided that this mechanism ensures that the rights of the observer are not violated because of his submission to them.
- Establishing appropriate procedures to initiate, and follow-up on observations made by company employees, and to ensure the independence of those procedures.

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Article Seven: The Committee's authority

In order for the audit committee to be able to perform its duties, and in accordance with the relevant laws and regulations, it shall have the following authority:

- The audit committee has the right to form a working group emanating from it for any purpose it deems appropriate, provided that the number of members of any working group is not less than two. It is also entitled to grant, and achieve its objectives, the work team emanating from it some of its authority and authority when it deems it appropriate.
- Investigating any activity that falls within its authority or any subject specifically requested by the board of directors, the shareholders association, or the external auditors.
- To seek legal and technical advice from any external or advisory body whenever necessary to assist the committee in performing its duties.
- The audit committee is responsible for monitoring the company's business and in order to perform its duties:
 - Requesting access to company records and documents.
 - Requesting any clarification or statement from the Board of Directors or the Executive Management.
 - To ask the board of directors to invite the general assembly of the company to convene if the board of directors impedes its work or suffers heavy damage or losses.
 - Interviewing the external auditors and employees of the company, including the Director of the Internal Audit Department, to inquire from them about the audit work and make any observations within the scope of its work.
- If there is a conflict between the recommendations of the audit committee and the decisions of the board of directors, or if the board refuses to take the committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees and assessing his performance, or appointing the director of the internal audit department, the board's report must include the committee's recommendation and justifications, and the reasons for not taking it into account.
- The audit committee - at the expense of the company - and after the approval of the board of directors, may seek the assistance of a non-executive board member - who is not members of the audit committee - or whomever it deems necessary to be experts or specialists in studying the issues that fall within its duties and responsibilities.

Article Eight: The committee's procedures controls

First: The terms of reference of the committee chairman and secretary

- The chairman of committee undertakes the following tasks:
 - Managing committee meetings and working to enhance its effectiveness.
 - Representing the committee before the general assembly and the board of directors.
 - The committee chairman or whomever he delegates from among the committee members must attend the general assemblies to answer shareholders' questions.

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- Calling the committee to convene with specifying the time, date, and place of the meeting, after coordination with the committee members.
- Preparing the agenda, considering the topics that a committee member wishes to include.
- Ensure that the topics presented to the committee are accompanied by sufficient information to enable the committee to take decisions regarding them.
- Ensure that sufficient time is available to discuss the agenda items for the committee meeting.
- Promoting the effective participation of members in the committee's meetings by studying and discussing issues on the agenda of its meetings, and by expressing their views in a manner that contributes to achieving the committee's goals.
- Ensure that committee members are provided with complete and correct information in a timely fashion; To enable them to perform their duties.
- Preparing periodic reports on the committee's activities and submitting its recommendations and findings to the Board of Directors.
- Follow up on the implementation of the decisions issued by the committee.
- Establishing the necessary arrangements for the periodic evaluation of the committee's performance.
- The duties of the committee secretary are as follows:
 - Coordinating committee meetings, and developing a proposal for its agenda, in coordination with the committee chairman.
 - Informing committee members of the meeting dates and providing them with its agenda, and the documents necessary to study the meeting items.
 - The secretary of the committee submits periodic reports and minutes about the activities and work of the committee to the board of directors and performs all other tasks that may be entrusted to him by the committee.
 - Attending and documenting committee meetings, preparing its minutes and keeping them in a special register.
 - Keeping documents, records and reports presented to or issued by the committee.
 - Aiding and advice to the committee in matters that fall within its competencies.
 - The committee secretary is not entitled to participate in or vote on any of the committee's decisions.

Second: The duties of a committee member

- Comply with the provisions of the Companies Law, the Financial Market Law and their implementing regulations, the relevant regulations and the Company's Articles of Association when exercising its duties, and refrain from doing or participating in any act that harms the interests of the company.
- He should be aware of the committee's duties and responsibilities, and he must allocate sufficient time to fulfill his role in achieving them.
- Carry out his duties far from any external influence, whether from inside or outside the company and he must not place his personal interests ahead of the company's interests.

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- Not accepting gifts from anyone who has business dealings with the company.
- Preparing for meetings and commitment to attend them and not be absent from them except for objective justifications notified to the committee chairman in advance and accepted by the committee.
- Effective participation in the committee's meetings by studying and discussing the topics on the agenda of its meetings.
- Work to enhance knowledge of organizational developments in the fields and topics related to the committee's duties and responsibilities.
- Work to enhance knowledge of developments in the field of the company's activities and business and other related fields

Third: Committee meetings

- The committee meets periodically, provided that its meetings are not less than (4) meetings during the financial year of the company, based on an invitation from its chairman, and the committee chairman must invite it to meet in exceptional cases, including, for example, if requested by the board of directors or two members of the committee Or the auditor or the director of the internal audit department, or if circumstances require that, with an explanation of the reasons for calling the extraordinary meeting.
- The committee approves the dates and agenda for the meetings of the fiscal year before its start, and the invitation to attend the committee's meeting at least 5 days before its date. The meeting's invitation shall be attached to the agenda, documents and information needed to discuss the topics presented to the committee's meeting and take decisions in their regard.
- In exceptional cases, an invitation may be directed to attend the meeting at least (3) days before its date, in accordance with the invitation procedures specified in these regulations.
- The committee holds its meetings in the company's head office, and it may meet outside the head office after the approval of the board of directors. It is also permissible to hold meetings of the risk committee through modern technical means of communication virtually according to any emergency circumstances that necessitate this based on the approval of the audit committee.
- For the meeting to be valid, the attendance of the majority of the committee's members is required, and the committee member may - in cases of necessity - attend through the use of a modern technical means of communication, after the approval of the committee.
- No member of the board of directors or executive management who is not a member of the committee is entitled to attend its meetings without an invitation from the committee to listen to his opinion or his advice.
- The committee meets periodically with the auditor and the director of the internal audit department.
- The decisions of the committee are issued by the majority of the votes of the attending members, and when the votes are equal, the side with which the chairperson voted shall prevail.
- A member of the committee has the right to object to any decision taken by the committee, provided that his objection is explicitly proven in the minutes of the meeting with a statement of the reasons for his objection, and his absence from attending the meeting at which the decision is issued is not considered a reason for

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exemption from responsibility unless it is proven that he is not aware of the decision or is unable to directly object to it. After knowing it.

Fourth: Documenting committee meetings

- The secretary of the committee prepares the minutes of the committee's meeting documentation, which include the following:
 - Place, date, start and end time of the meeting.
 - Names of the members present and not attending, indicating the names of those invited to attend the meeting who are not members of the committee.
 - The deliberations and decisions of the committee, with an indication of the results of the vote and the reasons for the objections, if any.
 - Determining the entity responsible for implementing the decisions taken, determining the time to initiate them, and the mechanism for following them up.
- The secretary of the committee sends the draft minutes of the meeting to the members of the committee, and the members of the committee must make their comments on the draft minutes - if any - within a maximum period of (5) working days from the date of the aforementioned transmission.
- After processing the comments of the members of the committee on the draft of the minutes, and after the approval of the chairman of the meeting, the secretary of the committee sends the draft after amendment to the members of the committee in preparation for approval at the next committee meeting.
- The meeting minutes attached to the meeting agenda and all accompanying documents are kept in a special register signed by the committee chairman and secretary.

Fifth: Follow up on the work of the committee

The chairman of the committee submits its recommendations and its findings to the board of directors, in the first meeting of the board following the meeting of the committee.

Sixth: Evaluating the committee's work

The committee evaluates the results of its work periodically, provided that the evaluation elements include, for example, the effectiveness of the committee in carrying out the tasks assigned to it.

Article Nine: Report of the Committee to the General assembly

- The Audit Committee issues an annual report that includes its opinion on the adequacy of the company's internal control systems.
- The audit committee's report must include details of its performance of its competencies and tasks stipulated in the Companies Law and its implementing regulations, provided that it includes its recommendations and opinion on the adequacy of the company's internal and financial control and risk management systems.
- The board of directors must deposit sufficient copies of the audit committee's report in the company's head office and be published on the company's website and the website of the Capital Market Authority when

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disclosing the invitation to convene the general assembly; To enable shareholders who wish to obtain a copy of it and to read the summary of the report during the General Assembly.

Article Ten: Confidentiality of the Committee's Work

The member of the committee must abide by maintaining the confidentiality of the information made available to him and the documents he is acquainted with, and he is not permitted in any way - even if his membership is terminated - to disclose it to any individual or entity unless he is authorized to do so by the Board of Directors, or to use None of this information is to achieve a personal benefit for him, one of his relatives, or for others, and the company has the right to demand compensation in the event of a breach of what is mentioned in this article, as this applies to the secretary of the committee.

Article Eleven: Conflict of Interest

- The member must avoid situations that lead to a conflict of his interests with the interests of the company and the conflict of interests means that there is a direct or indirect interest for any member in a topic on the committee's agenda, and that interest would influence (or believe the influence of that interest) on the independence of a member's opinion. The committee who is supposed to express his professional opinion.
- If a member has any conflict of interest in a topic on the committee's agenda, he must disclose that before the discussion of the topic begins, provided that this is proven in the minutes of the meeting. In this case, he may not attend the discussion of the relevant topic or participate in the discussion or vote on it.
- It is not permissible for a member of the committee to have a direct or indirect interest in contracts and business that are carried out for the company's account, and he may not participate in any work that would compete with the company or compete with the company in one of the branches of the activity that it is practicing.
- If a committee member fails to disclose his interest in the contracts and works that are carried out for the company's account, whether before his appointment as a member of the committee or during his membership, the company may claim before the competent judicial authority to annul the contract and compensation or to oblige the member to pay any profit or benefit achieved for him from that.
- If a committee member fails to disclose his participation in any business that would compete with the company or if he competes with the company in one of the branches of the activity that he is practicing, the company may claim compensation from him before competent judicial authority.
- It is not permissible for a committee member to exploit or benefit - directly or indirectly - from any of the company's assets, information, or investment opportunities subject to study - even if the decision is taken not to proceed with them - and he may not take advantage of these investment opportunities even after the end of his membership.
- In the event that the committee member is proven to have benefited from the investment opportunities, the company or any interested party may claim before the competent judicial authority to nullify any business, profit or benefit achieved from the investment opportunity. The company may also claim appropriate compensation.

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Article Twelve: Remuneration of Committee Members

- A member of the committee is entitled to an annual remuneration according to the remuneration policy for members of the board of directors, the committees emanating from it, and senior executives approved by the company's general assembly.
- The Board of Directors determines the remuneration and allowances that the secretary of the committee will receive for attending committee sessions.
- In the event that the General Assembly issued a decision to exempt a member from membership in the committee due to absence from three successive meetings or five separate meetings during his membership period without an excuse accepted by the Board of Directors, this member is not entitled to any remuneration or compensation for the period following the last meeting he attended, and he must return all rewards and compensation that were disbursed Him about that period.
- The company has the right to claim compensation for damage to its reputation and recover the rewards, compensation, and any other costs that the company incurred to facilitate the member's fulfillment of his responsibilities, in the event that the member commits an act that breaches honor and trust, fraud, or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country. Or when he breaches his responsibilities, tasks, and duties, which will result in harm to the interest of the company.

Article thirteen: Review and update of the regulation

The regulation is subject to periodic review by the Board of Directors and the recommendation of the Audit Committee with the aim of developing and updating it in line with the relevant laws and regulations and in accordance with the Board's opinion. No amendment may be made to it except by a decision of the Board of Directors, provided that it is submitted to the General assembly for approval.

Article Fourteen: Disclosure

First: Disclosure of the role of the audit committee

- A brief description of the terms of reference of the audit committee, stating the name of the committee, its chairman and members, the number of its meetings, dates of its convening, and the attendance data of members for each meeting.
- Recommendation of the audit committee regarding the need to appoint a director of the internal audit department in the company in case he is not present.
- The recommendations of the audit committee that there is a conflict between it and the decisions of the board of directors, or which the board refused to take into account regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance, or appointing the director of the internal audit department, the rationale for those recommendations, and the reasons for not taking them into account.

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Second: Disclosure of the Audit Committee

The Board of Directors must disclose in its annual report the details of these regulations and the mechanisms for determining the remuneration of the members of the audit committee, and the amounts and financial and in-kind benefits paid to each member of the committee in exchange for any executive, technical, administrative, or advisory work or positions.

Article Fifteen: Implementation

- The regulation shall be effective from the date of its approval by the General Assembly, and the responsibility for its implementation with the Board of Directors and the Audit Committee.
- The Board of Directors - with the support of the Audit Committee - reviews this regulation periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.
- This regulation is complementary to articles of association of the company, the corporate governance system, and the policies approved by the company pertaining to the Board of Directors and the committees emerging from it.
- All that is not provided for in this regulation to apply the relevant laws and regulations issued by the competent authorities.
- This regulation cancels and replaces all procedures, decisions and internal regulations of the company that contradict it.



General Assembly meeting
Zahrat Al Waha for Trading
Saudi public joint stock company

Item No. 14

Before Amendment

Regulations and policies generated from Corporate Governance

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



Nomination and Remuneration Committee regulation

This policy was issued pursuant to the decision of the company's shareholders' general assembly held on Monday 14/09/1442 corresponding to 04/26/2021, based on the recommendation of the Board of Directors at its meeting No. 4/2020 held on 12/12/1441 corresponding to 07/23/2020.

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1- Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted a list of work for the Nominations and Remuneration Committee and their selection based on competence and ability to represent the Nominations and Remuneration Committee, in a manner that ensures the availability of expertise, ability, scientific and practical knowledge. That would contribute to raising the company's strategic, supervisory, organizational and operational efficiency, and determining the remuneration of the members of the Board of Directors and the Board of Directors' committees and the Executive Management, in accordance with the standards and controls contained in the Companies Law, the Corporate Governance Regulations and other relevant laws and regulations.

This regulation aims to organize the work of the Nomination and Remuneration Committee by defining its functions and authority, in addition to its work controls and procedures, and the rules for selecting its members, in light of the rules governing the Nominations and Remuneration Committee in the listed joint stock company and stipulated in the regulatory controls and procedures issued in implementation of the Companies Law of Joint Stock Companies Listed, and the Corporate Governance Regulations issued by the Capital Market Authority, the main objectives of the Remuneration and Nominations Committee are to assist the Board of Directors of the company to carry out the following tasks and responsibilities:

- Supervising the rewards and incentives plan for company employees and following up on their implementation.
- Supervising the administrative succession plans for senior leadership at the company level.
- Supervising the nomination process for membership of the Board, the committees emanating from it, and the company's executive management, and ensuring that it is linked to performance.
- Supervising and ensuring the application of the employee grievance policy.
- Managing the process of evaluating the performance of board and committee members.

2- Responsibilities

- The Nomination and Remuneration Committee is responsible for preparing and reviewing policies related to its work and proposing changes it deems appropriate and submitting it to the Board of Directors for consideration.

- The Secretary of the Board of Directors is responsible for supporting the Nominations and Remuneration Committee to issue and update this regulation, and to develop procedures that assist in its implementation.
- It is presented to the General assembly for approval.
- The company's nomination and remuneration committee is responsible for implementing what is stated in these regulations on behalf of the company's board of directors responsible for its implementation.
- The Board of Directors monitors the work of this committee regularly to verify the practice of the business assigned to it.

3- References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) on 16/5/1438 AH corresponding to 2/13/2017 amended by Resolution of the Board of the Capital Market Authority No. (3-57-2019) on 15/9/1440 AH corresponding to 5/20/2019.
- Corporate Governance Regulations.
- Membership policies and procedures for the Board of Directors' committees.
- A regulation of the work procedures of the Board of Directors.
- Governance Committee Regulations.

4- Formation of the Committee

- According to Article Sixty of the Corporate Governance Regulations, the Nominations and Remuneration Committee is formed by a decision of the Board of Directors, provided that the company's general assembly issues the rules for selecting the members of the committee, their

membership period, determining the committee's tasks, its work controls and the remuneration of its members, based on a proposal from the Board of Directors.

- The board of directors of the company must notify the Capital Market Authority of the names of the members of the committee and their membership characteristics within five working days from the date of their appointment, and any changes that occur to that within 5 working days from the date of changes taking place.
- The Nomination and Remuneration Committee shall be formed from non-executive board members, whether from shareholders or from others, and the number of its members should not be less than 3 and not more than 5, including at least one independent board member, and rules for selecting its members are as follows:
 - That the candidate has a record of experience related to the functions of the Nomination and Remuneration Committee.
 - The candidate must have a good knowledge of the company's activities and business and the skills and experience required to manage it.
 - The candidate must have a university degree.
 - That a judgment has not been issued against the candidate for committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
 - The candidate's selection should not be contrary to the relevant rules, regulations and instructions.
- The committee members choose from among them a chairperson for the term of the committee's membership, provided that he is an independent member of the board of directors. In the event that the committee chair is absent or unable to meet remotely, the members of the committee present will appoint a chairperson for the meeting.
- A committee member performs his duties from the date of his appointment by the board of directors and his membership ends in one of the following cases:
 - The end of the session of the Board of Directors.
 - His resignation, without prejudice to the company's right to compensation if the resignation occurred at an inappropriate time.
 - The member's inability from a health point of view to complete his duties in the committee.
 - A court ruling declaring his bankruptcy or insolvency or his request for a settlement with his creditors.

- A conviction for committing an act that breaches honor and trust or for forgery, or for violating laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- A decision by the Board of Directors to exempt him from membership in the committee for any of the following reasons:
 - Breaching his responsibilities, tasks and duties, which would result in harm to interest of company.
 - He was absent from three consecutive meetings within one year without a legitimate excuse.
 - Other than the above-mentioned reasons that the Board considers, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
- Losing at any time any of the selection rules for membership in the Nominations and Remuneration Committee established under these regulations.
- If the position of one of the members of the committee becomes vacant in one of the previous cases or others during the term of membership, the Board may appoint a member in the vacant position, provided that he who meets the selection rules for membership of the committee referred to in these regulations and the new member completes the term of his predecessor.
- The committee shall have a secretary appointed by the board of directors.

5- Duties and responsibilities of the committee

In light of what was stipulated in the rules governing the Nomination and Remuneration Committee in the Corporate Governance Regulations issued by the Capital Market Authority, duties and responsibilities of the committee are as follows:

First: The remunerations

- Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from it and the executive management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy that standards related to performance are followed, disclosed, and their implementation verified.
- Reviewing the remuneration policy periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and

the skills and qualifications necessary to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.

- Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees emanating from it, and the senior executives of the company, in accordance with the policy approved by the company's general assembly.
- Determine the types of rewards that are granted to employees in the company and recommend them.
- Preparing an annual report on the remuneration granted to members of the Board of Directors, its committees emanating from it, and senior executives, provided that this report includes an explanation of the relationship between bonuses granted and remuneration policy in force, and any fundamental deviations from this policy.

Second: Nominations

1 .Board of Directors

- Preparing a policy and criteria for membership of the Board of Directors and recommending to the Board in this regard, for approval by the company's general assembly.
- Recommending to the Board of Directors the nomination for Board membership in accordance with the approved membership policy.
- Annual review of the required needs of appropriate skills for membership of the Board of Directors and preparation of a description of the capabilities and required qualifications.
- Reviewing the membership policy of the Board of Directors periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and the skills and qualifications required to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.
- Studying and recommending cases of conflict of interest for those wishing to run for membership of the Board of Directors.
- Study structure of the Board of Directors and make recommendations regarding changes that can be made.

- Identifying the strengths and weaknesses of the board of directors and proposing remedies in accordance with the company's interest.
- Establishing procedures in the event of a vacancy in the position of a member of the Board of Directors or members of its committees emanating from it and recommending in this regard.
- Recommending to the Board of Directors the performance criteria to evaluate the work of the Board of Directors and its members and committees emanating from it.

2 .Members of the Board of Directors

- Determine the time that the member should allocate to the work of the Board of Directors.
- Ensure, on an annual basis, that the independent members are independent, and that there is no conflict of interest if the member is a member of the board of directors of another company.
- Establishing job descriptions for executive members, non-executive members and independent members.
- Recommending to the Board of Directors to re-nominate or remove a member of the Board or members of the committees emerging from it.
- The committee should inform the board of directors of the results it reaches or takes in the form of decisions in a transparent manner.

3 .Senior executives

- Recommending to the Board of Directors the appropriate policies and standards for the appointment of senior executives, identifying the required capabilities and skills, and reviewing them periodically to ensure their suitability to the changes that may occur to the company's strategic objectives and the skills and qualifications necessary to achieve them.
- Developing job descriptions for senior executives, reviewing the company's organizational structure and making recommendations regarding the changes that can be made.
- Preparing the criteria for evaluating the CEO's performance and informing him of them.
- Reviewing and approving the company's objectives related to CEO compensation.

- Reviewing the CEO's performance annually to ensure that he provides effective leadership of the company.
- Review management development programs and job replacement plans for senior executives in coordination with the CEO.
- Reviewing the evaluation objectives (including performance indicators) to be achieved within the rewards and incentive programs.
- Preparing an annual report on the remunerations paid to the executive management for inclusion in the company's annual report, in line with the applicable controls and regulations.
- Establishing and recommending succession procedures in the event the position of a senior executive is vacant. for the Nomination and Remuneration Committee to perform its duties, the Committee shall have the following authority:
 - Requesting information and data that would assist the committee in studying the issues pertaining to it, or those referred to it by the board of directors.
 - To seek the assistance of experts, specialists or others it deems fit in studying the issues that fall within its duties and responsibilities, after the approval of the Board of Directors.

Third: The induction program for the Board's new members

Recommending to the Board of Directors to set an induction program for new members of the Board so that the program covers the company's activities, the nature of its business and its financial and legal aspects.

Fourth: Other tasks and responsibilities

- Assisting the Board of Directors in developing and reviewing the organizational structure of the company and the operating model that organizes the relationship between the company and the related parties.
- Monitor the implementation of the employee grievance policy and ensure its effectiveness.

6- The Committee's authority

For the Nomination and Remuneration Committee to perform its duties, and in accordance with the relevant laws and regulations, it shall have the following authority:

- The right to investigate any matter that falls within its competencies and tasks, or any subject specifically requested by the Board.
- The right to seek legal and technical advice from any external party or any other independent advisory body whenever necessary to assist the committee in performing its duties.
- The committee has the right to view all data, information and records related to the remuneration and compensation of the company and to review the reports of administrative succession of executives.
- The company bears any costs required for the committee to carry out its work.

7- The committee's procedures controls

First: The terms of reference of the committee chairman and its secretary

- The chairman of committee undertakes the following tasks:
 - Managing committee meetings and working to enhance its effectiveness.
 - Representing the committee before the Board of Directors.
 - The committee chairman or whomever he delegates from among the committee members must attend the general assemblies to answer shareholders' questions.
 - Calling the committee to convene with specifying the time, date and place of the meeting, after coordination with the committee members.
 - Preparing the agenda, considering the topics that a committee member wishes to include.
 - Ensure that the topics presented to the committee are accompanied by sufficient information to enable the committee to take decisions regarding them.
 - Ensure that sufficient time is available to discuss the agenda items of the committee meeting.
 - Promoting the effective participation of members in the committee's meetings by studying and discussing issues on the agenda of its meetings, and by expressing their views in a manner that contributes to achieving the committee's goals.
 - Ensure that committee members are provided with complete and correct information in a timely manner to enable them to perform their duties.
 - Preparing periodic reports on the committee's activities and submitting its recommendations and findings to the Board of Directors.

- Follow up on the implementation of the decisions issued by the committee.
- Establishing the necessary arrangements for the evaluation of the committee's performance.
- The duties of the committee secretary are as follows:
 - Coordinating committee meetings, and developing a proposal for its agenda, in coordination with the committee chairman.
 - Informing committee members of the meeting dates and providing them with its agenda, and the documents necessary to study the meeting items.
 - Attending and documenting committee meetings, preparing its minutes in a special register.
 - The secretary of the committee submits periodic reports and minutes about the activities and work of the committee to the board of directors and performs all other tasks that may be entrusted to him by the committee.
 - Keeping documents, records and reports presented to or issued by the committee.
 - Providing assistance and advice to the committee in matters that fall within its competencies.
 - The committee secretary is not entitled to participate in or vote on any of the committee's decisions.

Second: The duties of a committee member

- Comply with the provisions of the Companies Law, the Financial Market Law and their implementing regulations, the relevant regulations and the Company's Articles of Association when exercising its duties, and refrain from doing or participating in any action that harms the interests of the company.
- To be aware of the committee's duties and responsibilities, and he must allocate sufficient time to play his role in achieving them.
- Carry out his duties far from any external influence, whether from inside or outside the company and he must not advance his personal interests over the company's interests.
- Not accepting gifts from anyone who has business dealings with the company.
- Preparing for meetings and commitment to attend them and not be absent from them except for objective justifications notified to the Chairman of the Committee in advance and accepted by the Committee.

- Active participation in committee meetings by studying and discussing the topics on the agenda of its meetings.
- Work to enhance knowledge of organizational developments in the fields and topics related to the tasks and responsibilities of the committee.
- Work to enhance knowledge of developments in the field of the company's activities and business and other related fields.

Third: Committee meetings

- The committee meets once every six months at least, upon an invitation from its chairman, and the committee chairman must invite it to a meeting in exceptional cases, including, for example, if the board of directors or two members of the committee requests this, or if circumstances require that with an explanation of the reasons Requiring the extraordinary meeting call.
- The committee approves the dates and agenda of the fiscal year's meetings before their start, and the invitation is directed to attend the committee's meeting at least 5 days before its date. The meeting's invitation shall be accompanied by the agenda, documents and information necessary to discuss the topics presented to the committee's meeting and take decisions in their regard.
- In exceptional cases, an invitation may be directed to attend the meeting at least (3) days before its date, in accordance with the invitation procedures specified in these regulations.
- The committee holds its meetings in the company's head office, and it may meet outside the head office after the approval of the board of directors.
- For the meeting to be valid, the attendance of the majority of the committee's members is required, and the committee member may - in cases of necessity - attend through the use of any means of communication, after the approval of the committee.
- The decisions of the committee are issued by the majority of the votes of the attending members, and with equal votes, the side with which the chairperson voted will prevail.
- A member of the committee has the right to object to any decision taken by the committee, provided that his objection is explicitly proven in the minutes of the meeting with a statement of the reasons for his objection, and his absence from attending the meeting at which the decision is issued is not considered a reason for exemption from responsibility

unless it is proven that he is not aware of the decision or is unable to directly object to it.

After knowing it.

- A committee member may delegate another member to attend the committee's meeting on his behalf or vote for him in the meetings.
- No member of the board of directors or executive management who is not a member of the committee is entitled to attend its meetings without an invitation from the committee to listen to his opinion or his advice.

Fourth: Documenting committee meetings

- The committee secretary prepares the minutes of the committee's meeting documentation, which include the following:
 - Place, date, start and end time of the meeting.
 - Names of the members present and not attending, indicating the names of those invited to attend the meeting who are not members of the committee.
 - The deliberations and decisions of the committee, with an indication of the results of the vote and the reasons for the objections, if any.
 - Determining the entity responsible for implementing the decisions taken, determining the time to initiate them, and the mechanism for following them up.
- The secretary of the committee sends the draft minutes of the meeting to the members of the committee, and the members of the committee must express their comments on the draft minutes - if any - within a maximum period of (5) working days from the date of the transmission.
- After processing the comments of the members of the committee on the draft of the minutes, and after the approval of the chairman of the meeting, the secretary of the committee sends the draft after the amendment to the members of the committee in preparation for approval at the next committee meeting.
- The meeting minutes, accompanied by the meeting agenda and all accompanying documents, are kept in a special record signed by the committee chairman and secretary.

Fifth: Follow up on the work of the committee

The chairman of the committee submits its recommendations and its findings to the board of directors, in the first meeting of the board following the committee meeting.

Sixth: Evaluating the committee's work

The committee evaluates the results of its work periodically, provided that the evaluation elements include, for example, the level of effectiveness of the committee in carrying out the tasks assigned to it.

8- Confidentiality of the Committee's work

The member of the committee must abide by maintaining the confidentiality of the information made available to him and the documents he is acquainted with, and he is not permitted in any way - even if his membership is terminated - to disclose it to any individual or entity unless he is authorized to do so by the Board of Directors, or to use None of this information is to achieve a personal benefit for him or one of his relatives or for others, and the company has the right to demand compensation in the event of a breach of what is mentioned in this article, as it applies to the secretary of the committee.

9- Conflict of Interest

- The member must avoid situations that lead to a conflict of his interests with the interests of the company and the conflict of interests means that there is a direct or indirect interest for any member in a topic on the committee's agenda, and that interest would influence (or believe the influence of that interest) on the independence of a member's opinion. The committee who is supposed to express his professional opinion.
- If a member has any conflict of interest in a topic on the committee's agenda, he must disclose that before the discussion of the topic begins, provided that this is proven in the minutes of the meeting, and in this case he may not attend the discussion of the relevant topic or participate in the discussion or vote. on him.
- It is not permissible for a member of the committee to have a direct or indirect interest in contracts and business that are carried out for the company's account, and he may not participate in any work that would compete with the company or compete with company in one of branches of the activity that it is practicing.
- If a committee member fails to disclose his interest in the contracts and works that are carried out for the company's account, whether prior to his appointment as a member of the committee or during his membership, the company may claim before the competent judicial authority to

annul the contract and compensation or obligate the member to pay any profit or benefit achieved for him from that.

- If a committee member fails to disclose his participation in any business that would compete with the company or if he competes with the company in one of the branches of his activity, the company may claim compensation from him before the competent judicial authority.
- It is not permissible for a committee member to exploit or benefit - directly or indirectly - any of the company's assets, information, or investment opportunities subject to its study - even if the decision is taken not to proceed with them - and he may not take advantage of these investment opportunities even after the end of his membership.
- If it is proven that the committee member has benefited from the investment opportunities, the company or any interested party may claim before the competent judicial authority to nullify any business, profit or benefit achieved from that investment opportunity. The company may also claim appropriate compensation.

10- Remuneration for Committee Members

- A member of the committee is entitled to an annual remuneration in accordance with the remuneration policy for members of the board of directors, the committees emanating from it, and senior executives approved by the company's general assembly.
- The Board of Directors determines the remuneration and allowances that the secretary of the committee will receive.
- In the event of a decision issued by the Board of Directors to exempt a member from membership in the committee due to absent from three consecutive meetings within one year without an excuse accepted by the Board of Directors, this member is not entitled to any remuneration or compensation for the period following the last meeting he attended, and he must return all rewards and compensation that were disbursed Him about that period.
- The company has the right to claim compensation for damage to its reputation and recover the rewards, compensation and any other costs that the company incurred to facilitate the member's fulfillment of his responsibilities, in the event that the member commits an act that breaches honor and trust, fraud, or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country. Or when he breaches his responsibilities, tasks and duties, which will result in harm to the interest of the company.

11- Review and update of the regulation

The regulation is subject to periodic review by the Board of Directors and the recommendation of the Nominations and Remuneration Committee with the aim of updating them in line with the relevant laws and regulations and according to the Board's opinion, and no amendment may be made to it except by a decision of the Board of Directors, it is submitted to the General assembly's approval.

12- Disclosure

First: Disclosure of the remuneration policy

The committee shall disclose in the report of the Board of Directors the information related to the remuneration policy as follows:

- Disclosure of the remuneration policy and how the remuneration of the members of the Board of Directors, the committees, and the executive management in the company are determined.
- Accurate, transparent and detailed disclosure in the report of the board of directors about the remunerations granted to members of the board of directors and the committees and the executive management, directly or indirectly, without concealing or misleading whether they are amounts, benefits or advantages, whatever their nature and name. If the benefits are shares in the company, then the input value of the shares is the market value on the maturity date.
- Clarifying the relationship between the bonuses granted and the applicable remuneration policy and stating any material deviation from this policy.
- A statement of the necessary details regarding the remuneration and compensation paid to each of the following separately:
 - Board members.
 - Members of the Board of Directors' committees.
 - Five senior executives who received the highest remuneration from the company, including CEO and CFO.

Second: Disclosure of the role of the Nomination and Remuneration Committee

A brief description of the terms of reference of the Nomination and Remuneration Committee, noting the name of the committee, its chairman and members, the number of its meetings, dates of its convening, and the attendance data of members for each meeting.

13- Implementation

- This regulation shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation lies on the Board of Directors and the Nominations and Remuneration Committee.
- The Board of Directors - with the support of the Nomination and Remuneration Committee - reviews this regulation periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.
- This regulation is complementary to articles of association of the company, the corporate governance system, and the policies approved by the company pertaining to the Board of Directors and the committees emerging from it.
- All that is not provided for in this regulation to apply the relevant laws and regulations issued by the competent authorities.
- This regulation cancels and replaces all procedures, decisions and internal regulations of the company that contradict it.

After Amendment

**Remuneration and Nomination
Committee regulation**

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company

Regulations and policies generated from Corporate Governance

This policy was issued in accordance with the decision of the general assembly of the shareholders of the company held on Monday on 14/09/1442 H corresponding to 26/04/2021 based on the proposal of the company's board of directors meeting No. 4/2020, held on 02/12/1441 AH, corresponding to 23/07/2020.

This policy was amended based on the amendment of the Companies Law and the Corporate Governance Regulations based on Royal Decree 132 dated 01/12/1443 AH, and in accordance with the recommendation of the Board of Directors in its meeting No. 1/2023 held on 10/08/1444 AH corresponding to 02/03/2023 AD.



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Article One: Purpose

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted a list of work for the Remuneration and Nomination Committee and their selection based on competence and ability to represent the Remuneration and Nomination Committee, in a manner that ensures the availability of expertise, ability, scientific and practical knowledge. That would contribute to raising the company's strategic, supervisory, organizational, and operational efficiency, and determining the remuneration of the members of the Board of Directors and the Board of Directors' committees and the Executive Management, in accordance with the standards and controls contained in the Companies Law, the Corporate Governance Regulations and other relevant laws and regulations.

This regulation aims to organize the work of the Remuneration and Nomination Committee by defining its functions and authority, in addition to its work controls and procedures, and the rules for selecting its members, in light of the rules governing the Remuneration and Nomination Committee in the listed joint stock company and stipulated in the regulatory controls and procedures issued in implementation of the Companies Law of Joint Stock Companies Listed, and the Corporate Governance Regulations issued by the Capital Market Authority, the main objectives of the Remuneration and Nominations Committee are to assist the Board of Directors of the company to carry out the following tasks and responsibilities:

- Supervising the rewards and incentives plan for company employees and following up on their implementation.
- Supervising the administrative succession plans for senior leadership at the company level.
- Supervising the nomination process for membership of the Board, the committees emanating from it, and the company's executive management, and ensuring that it is linked to performance.
- Supervising and ensuring the application of the employee grievance policy.
- Managing the process of evaluating the performance of board and committee members.

Article Two: Responsibilities

- The Remuneration and Nomination Committee is responsible for preparing and reviewing policies related to its work and proposing changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Secretary of the Board of Directors is responsible for supporting the Remuneration and Nomination Committee to issue and update this regulation, and to develop procedures that assist in its implementation.
- It is presented to the General assembly for approval.
- The company's Remuneration and Nomination committee are responsible for implementing what is stated in these regulations on behalf of the company's board of directors responsible for its implementation.
- The Board of Directors monitors the work of this committee regularly to verify the practice of the business assigned to it.

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Article Three: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020. Amended by CMA Council Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH corresponding to 06/30/ 2022 AD.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019, Amended by Capital Market Authority Board Resolution No. (8-5-2023) dated 06/25/1444 AH 01/18/2023 AD.
- Corporate Governance Regulations.
- Membership policies and procedures for the Board of Directors' committees.
- A regulation of the work procedures of the Board of Directors.
- Governance Committee Regulations.

Article Four: Formation of the Committee

- ◀ According to Article Fifty-eight of the Corporate Governance Regulations, the Remuneration and Nomination Committee is formed by a decision of the Board of Directors, provided that the company's general assembly issues the rules for selecting the members of the committee, their membership period, determining the committee's tasks, its work controls, and the remuneration of its members, based on a proposal from the Board of Directors.
- ◀ The board of directors of the company must notify the Capital Market Authority of the names of the members of the committee and their membership characteristics within five working days from the date of their appointment, and any changes that occur to that within 5 working days from the date of changes taking place.
- ◀ The Remuneration and Nomination Committee shall be formed from non-executive board members, whether from shareholders or from others, and the number of its members should not be less than 3 and not more than 5, including at least one independent board member, and rules for selecting its members are as follows:
 - That the candidate has a record of experience related to the functions of the Remuneration and Nomination Committee.
 - The candidate must have a good knowledge of the company's activities and business and the skills and experience required to manage it.
 - The candidate must have a university degree.

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- That a judgment has not been issued against the candidate for committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- The candidate's selection should not be contrary to the relevant rules, regulations, and instructions.
- ◀ The committee members choose from among them a chairperson for the term of the committee's membership, provided that he is an independent member of the board of directors. In the event that the committee chair is absent or unable to meet remotely, the members of the committee present will appoint a chairperson for the meeting.
- ◀ A committee member performs his duties from the date of his appointment by the board of directors and his membership ends in one of the following cases:
 - The end of the session of the Board of Directors.
 - His resignation, without prejudice to the company's right to compensation if the resignation occurred at an inappropriate time.
 - The member's inability from a health point of view to complete his duties in the committee.
 - A court ruling declaring his bankruptcy or insolvency or his request for a settlement with his creditors.
 - A conviction for committing an act that breaches honor and trust or for forgery, or for violating laws and regulations in the Kingdom of Saudi Arabia or in any other country.
 - A decision by the Board of Directors to exempt him from membership in the committee for any of the following reasons:
 - Breaching his responsibilities, tasks, and duties, which would result in harm to interest of company.
 - He was absent from three consecutive meetings within one year without a legitimate excuse.
 - Other than the above-mentioned reasons that the Board considers, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
 - Losing at any time any of the selection rules for membership in the Nominations and Remuneration Committee established under these regulations.
- ◀ If the position of one of the members of the committee becomes vacant in one of the previous cases or others during the term of membership, the Board may appoint a member in the vacant position, provided that he who meets the selection rules for membership of the committee referred to in these regulations and the new member completes the term of his predecessor.
- ◀ The committee shall have a secretary appointed by the board of directors.

Article Five: Duties and responsibilities of the committee

In light of what was stipulated in the rules governing the Remuneration and Nomination Committee in the Corporate Governance Regulations issued by the Capital Market Authority, duties and responsibilities of the committee are as follows:

First: The remunerations

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- Preparing a clear policy for the remuneration of members of the Board of Directors, the committees emanating from it and the executive management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy that standards related to performance are followed, disclosed, and their implementation verified.
- Reviewing the remuneration policy periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and the skills and qualifications necessary to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.
- Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees emanating from it, and the senior executives of the company, in accordance with the policy approved by the company's general assembly.
- Determine the types of rewards that are granted to employees in the company and recommend them.
- Preparing an annual report on the remuneration granted to members of the Board of Directors, its committees emanating from it, and senior executives, provided that this report includes an explanation of the relationship between bonuses granted and remuneration policy in force, and any fundamental deviations from this policy.

Second: Nominations

1 .Board of Directors

- Preparing a policy and criteria for membership of the Board of Directors and recommending to the Board in this regard, for approval by the company's general assembly.
- Recommending to the Board of Directors the nomination for Board membership in accordance with the approved membership policy.
- Annual review of the required needs of appropriate skills for membership of the Board of Directors and preparation of a description of the capabilities and required qualifications.
- Reviewing the membership policy of the Board of Directors periodically to ensure its suitability to the changes that may occur in the relevant legislation and regulations, the company's strategic objectives and the skills and qualifications required to achieve them, and to recommend to the Board of Directors regarding the proposed changes to this policy.
- Studying and recommending cases of conflict of interest for those wishing to run for membership of the Board of Directors.
- Study structure of the Board of Directors and make recommendations regarding changes that can be made.
- Identifying the strengths and weaknesses of the board of directors and proposing remedies in accordance with the company's interest.
- Establishing procedures in the event of a vacancy in the position of a member of the Board of Directors or members of its committees emanating from it and recommending in this regard.
- Recommending to the Board of Directors the performance criteria to evaluate the work of the Board of Directors and its members and committees emanating from it.

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2 .Members of the Board of Directors

- Determine the time that the member should allocate to the work of the Board of Directors.
- Ensure, on an annual basis, that the independent members are independent, and that there is no conflict of interest if the member is a member of the board of directors of another company.
- Establishing job descriptions for executive members, non-executive members, and independent members.
- Recommending to the Board of Directors to re-nominate or remove a member of the Board or members of the committees emerging from it.
- The committee should inform the board of directors of the results it reaches or takes in the form of decisions in a transparent manner.

3 .Senior executives

- Recommending to the Board of Directors the appropriate policies and standards for the appointment of senior executives, identifying the required capabilities and skills, and reviewing them periodically to ensure their suitability to the changes that may occur to the company's strategic objectives and the skills and qualifications necessary to achieve them.
- Developing job descriptions for senior executives, reviewing the company's organizational structure, and making recommendations regarding the changes that can be made.
- Preparing the criteria for evaluating the CEO's performance and informing him of them.
- Reviewing and approving the company's objectives related to CEO compensation.
- Reviewing the CEO's performance annually to ensure that he provides effective leadership of the company.
- Review management development programs and job replacement plans for senior executives in coordination with the CEO.
- Reviewing the evaluation objectives (including performance indicators) to be achieved within the rewards and incentive programs.
- Preparing an annual report on the remunerations paid to the executive management for inclusion in the company's annual report, in line with the applicable controls and regulations.
- Establishing and recommending succession procedures in the event the position of a senior executive is vacant. In order for the Remuneration and Nomination Committee to perform its duties, the Committee shall have the following authority:
 - Requesting information and data that would assist the committee in studying the issues pertaining to it, or those referred to it by the board of directors.
 - To seek the assistance of experts, specialists, or others it deems fit in studying the issues that fall within its duties and responsibilities, after the approval of the Board of Directors.

Third: The induction program for the Board's new members

Recommending to the Board of Directors to set an induction program for new members of the Board so that the program covers the company's activities, the nature of its business and its financial and legal aspects.

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Fourth: Other tasks and responsibilities

- Assisting the Board of Directors in developing and reviewing the organizational structure of the company and the operating model that organizes the relationship between the company and the related parties.
- Monitor the implementation of the employee grievance policy and ensure its effectiveness.

Article Six: The Committee's authority

In order for the Remuneration and Nomination Committee to perform its duties, and in accordance with the relevant laws and regulations, it shall have the following authority:

- The right to investigate any matter that falls within its competencies and tasks, or any subject specifically requested by the Board.
- The right to seek legal and technical advice from any external party or any other independent advisory body whenever necessary to assist the committee in performing its duties.
- The committee has the right to view all data, information and records related to the remuneration and compensation of the company and to review the reports of administrative succession of executives.
- The company bears any costs required for the committee to carry out its work.

Article Seven: The committee's procedures controls

First: The terms of reference of the committee chairman and its secretary

- The chairman of committee undertakes the following tasks:
 - Managing committee meetings and working to enhance its effectiveness.
 - Representing the committee before the Board of Directors.
 - The committee chairman or whomever he delegates from among the committee members must attend the general assemblies to answer shareholders' questions.
 - Calling the committee to convene with specifying the time, date, and place of the meeting, after coordination with the committee members.
 - Preparing the agenda, considering the topics that a committee member wishes to include.
 - Ensure that the topics presented to the committee are accompanied by sufficient information to enable the committee to take decisions regarding them.
 - Ensure that sufficient time is available to discuss the agenda items of the committee meeting.
 - Promoting the effective participation of members in the committee's meetings by studying and discussing issues on the agenda of its meetings, and by expressing their views in a manner that contributes to achieving the committee's goals.
 - Ensure that committee members are provided with complete and correct information in a timely manner to enable them to perform their duties.
 - Preparing periodic reports on the committee's activities and submitting its recommendations and findings to the Board of Directors.
 - Follow up on the implementation of the decisions issued by the committee.

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- Establishing the necessary arrangements for the evaluation of the committee's performance.
- The duties of the committee secretary are as follows:
 - Coordinating committee meetings, and developing a proposal for its agenda, in coordination with the committee chairman.
 - Informing committee members of the meeting dates and providing them with its agenda, and the documents necessary to study the meeting items.
 - Attending and documenting committee meetings, preparing its minutes in a special register.
 - The secretary of the committee submits periodic reports and minutes about the activities and work of the committee to the board of directors and performs all other tasks that may be entrusted to him by the committee.
 - Keeping documents, records and reports presented to or issued by the committee.
 - Providing assistance and advice to the committee in matters that fall within its competencies.
 - The committee secretary is not entitled to participate in or vote on any of the committee's decisions.

Second: The duties of a committee member

- Comply with the provisions of the Companies Law, the Financial Market Law and their implementing regulations, the relevant regulations and the Company's Articles of Association when exercising its duties, and refrain from doing or participating in any action that harms the interests of the company.
- To be aware of the committee's duties and responsibilities, and he must allocate sufficient time to play his role in achieving them.
- Carry out his duties far from any external influence, whether from inside or outside the company and he must not advance his personal interests over the company's interests.
- Not accepting gifts from anyone who has business dealings with the company.
- Preparing for meetings and commitment to attend them and not be absent from them except for objective justifications notified to the Chairman of the Committee in advance and accepted by the Committee.
- Active participation in committee meetings by studying and discussing the topics on the agenda of its meetings.
- Work to enhance knowledge of organizational developments in the fields and topics related to the tasks and responsibilities of the committee.
- Work to enhance knowledge of developments in the field of the company's activities and business and other related fields.

Third: Committee meetings

- The committee meets once every one year at least, upon an invitation from its chairman, and the committee chairman must invite it to a meeting in exceptional cases, including, for example, if the board of directors or two members of the committee requests this, or if circumstances require that with an explanation of the reasons Requiring the extraordinary meeting call.

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- The committee approves the dates and agenda of the fiscal year's meetings before their start, and the invitation is directed to attend the committee's meeting at least 5 days before its date. The meeting's invitation shall be accompanied by the agenda, documents, and information necessary to discuss the topics presented to the committee's meeting and take decisions in their regard.
- In exceptional cases, an invitation may be directed to attend the meeting at least (3) days before its date, in accordance with the invitation procedures specified in these regulations.
- The committee holds its meetings in the company's head office, and it may meet outside the head office after the approval of the board of directors.
- For the meeting to be valid, the attendance of the majority of the committee's members is required, and the committee member may - in cases of necessity - attend through the use of any means of communication, after the approval of the committee.
- The decisions of the committee are issued by the majority of the votes of the attending members, and with equal votes, the side with which the chairperson voted will prevail.
- A member of the committee has the right to object to any decision taken by the committee, provided that his objection is explicitly proven in the minutes of the meeting with a statement of the reasons for his objection, and his absence from attending the meeting at which the decision is issued is not considered a reason for exemption from responsibility unless it is proven that he is not aware of the decision or is unable to directly object to it. After knowing it.
- A committee member may delegate another member to attend the committee's meeting on his behalf or vote for him in the meetings.
- No member of the board of directors or executive management who is not a member of the committee is entitled to attend its meetings without an invitation from the committee to listen to his opinion or his advice.

Fourth: Documenting committee meetings

- The committee secretary prepares the minutes of the committee's meeting documentation, which include the following:
 - Place, date, start and end time of the meeting.
 - Names of the members present and not attending, indicating the names of those invited to attend the meeting who are not members of the committee.
 - The deliberations and decisions of the committee, with an indication of the results of the vote and the reasons for the objections, if any.
 - Determining the entity responsible for implementing the decisions taken, determining the time to initiate them, and the mechanism for following them up.
- The secretary of the committee sends the draft minutes of the meeting to the members of the committee, and the members of the committee must express their comments on the draft minutes - if any - within a maximum period of (5) working days from the date of the aforementioned transmission.

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- After processing the comments of the members of the committee on the draft of the minutes, and after the approval of the chairman of the meeting, the secretary of the committee sends the draft after the amendment to the members of the committee in preparation for approval at the next committee meeting.
- The meeting minutes, accompanied by the meeting agenda and all accompanying documents, are kept in a special record signed by the committee chairman and secretary.

Fifth: Follow up on the work of the committee

The chairman of the committee submits its recommendations and its findings to the board of directors, in the first meeting of the board following the committee meeting.

Sixth: Evaluating the committee's work

The committee evaluates the results of its work periodically, provided that the evaluation elements include, for example, the level of effectiveness of the committee in carrying out the tasks assigned to it.

Article Eight: Confidentiality of the Committee's work

The member of the committee must abide by maintaining the confidentiality of the information made available to him and the documents he is acquainted with, and he is not permitted in any way - even if his membership is terminated - to disclose it to any individual or entity unless he is authorized to do so by the Board of Directors, or to use None of this information is to achieve a personal benefit for him or one of his relatives or for others, and the company has the right to demand compensation in the event of a breach of what is mentioned in this article, as it applies to the secretary of the committee.

Article Nine: Conflict of Interest

- The member must avoid situations that lead to a conflict of his interests with the interests of the company and the conflict of interests means that there is a direct or indirect interest for any member in a topic on the committee's agenda, and that interest would influence (or believe the influence of that interest) on the independence of a member's opinion. The committee who is supposed to express his professional opinion.
- If a member has any conflict of interest in a topic on the committee's agenda, he must disclose that before the discussion of the topic begins, provided that this is proven in the minutes of the meeting, and in this case, he may not attend the discussion of the relevant topic or participate in the discussion or vote. on him.
- It is not permissible for a member of the committee to have a direct or indirect interest in contracts and business that are carried out for the company's account, and he may not participate in any work that would compete with the company or compete with company in one of branches of the activity that it is practicing.
- If a committee member fails to disclose his interest in the contracts and works that are carried out for the company's account, whether prior to his appointment as a member of the committee or during his membership, the company may claim before the competent judicial authority to annul the contract and compensation or obligate the member to pay any profit or benefit achieved for him from that.

Regulations and policies generated from Corporate Governance

- If a committee member fails to disclose his participation in any business that would compete with the company or if he competes with the company in one of the branches of his activity, the company may claim compensation from him before the competent judicial authority.
- It is not permissible for a committee member to exploit or benefit - directly or indirectly - any of the company's assets, information, or investment opportunities subject to its study - even if the decision is taken not to proceed with them - and he may not take advantage of these investment opportunities even after the end of his membership.
- If it is proven that the committee member has benefited from the investment opportunities, the company or any interested party may claim before the competent judicial authority to nullify any business, profit or benefit achieved from that investment opportunity. The company may also claim appropriate compensation.

Article Ten: Remuneration for Committee Members

- A member of the committee is entitled to an annual remuneration in accordance with the remuneration policy for members of the board of directors, the committees emanating from it, and senior executives approved by the company's general assembly.
- The Board of Directors determines the remuneration and allowances that the secretary of the committee will receive.
- In the event of a decision issued by the Board of Directors to exempt a member from membership in the committee due to absent from three consecutive meetings within one year without an excuse accepted by the Board of Directors, this member is not entitled to any remuneration or compensation for the period following the last meeting he attended, and he must return all rewards and compensation that were disbursed Him about that period.
- The company has the right to claim compensation for damage to its reputation and recover the rewards, compensation, and any other costs that the company incurred to facilitate the member's fulfillment of his responsibilities, in the event that the member commits an act that breaches honor and trust, fraud, or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country. Or when he breaches his responsibilities, tasks, and duties, which will result in harm to the interest of the company.

Article Eleven: Review and update of the regulation

The regulation is subject to periodic review by the Board of Directors and the recommendation of the Remuneration and Nomination Committee with the aim of updating them in line with the relevant laws and regulations and according to the Board's opinion, and no amendment may be made to it except by a decision of the Board of Directors, it is submitted to the General assembly's approval.

Article Twelve: Disclosure

First: Disclosure of the remuneration policy

The committee shall disclose in the report of the Board of Directors the information related to the remuneration policy as follows:

Regulations and policies generated from Corporate Governance

- Disclosure of the remuneration policy and how the remuneration of the members of the Board of Directors, the committees, and the executive management in the company are determined.
- Accurate, transparent, and detailed disclosure in the report of the board of directors about the remunerations granted to members of the board of directors and the committees and the executive management, directly or indirectly, without concealing or misleading whether they are amounts, benefits or advantages, whatever their nature and name. If the benefits are shares in the company, then the input value of the shares is the market value on the maturity date.
- Clarifying the relationship between the bonuses granted and the applicable remuneration policy and stating any material deviation from this policy.
- A statement of the necessary details regarding the remuneration and compensation paid to each of the following separately:
 - Board members.
 - Members of the Board of Directors' committees.
 - Five senior executives who received the highest remuneration from the company, including CEO and CFO.

Second: Disclosure of the role of the Remuneration and Nomination Committee

A brief description of the terms of reference of the Remuneration and Nomination Committee, noting the name of the committee, its chairman and members, the number of its meetings, dates of its convening, and the attendance data of members for each meeting

Article Thirteen: Implementation

- This regulation shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation lies on the Board of Directors and the Remuneration and Nomination Committee.
- The Board of Directors - with the support of the Remuneration and Nomination Committee - reviews this regulation periodically to ensure its suitability to the changes that may occur to the nature of the company's business, its strategic objectives, relevant legislation and regulations and the recommendation to the General Assembly in this regard.
- This regulation is complementary to articles of association of the company, the corporate governance system, and the policies approved by the company pertaining to the Board of Directors and the committees emerging from it.
- All that is not provided for in this regulation to apply the relevant laws and regulations issued by the competent authorities.
- This regulation cancels and replaces all procedures, decisions and internal regulations of the company that contradict it.



General Assembly meeting
Zahrat Al Waha for Trading
Saudi public joint stock company

Item No. 15

Before Amendment

Regulations and policies generated from Corporate Governance

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



**Rewards policy for members of the Board of Directors,
committees of the Board and the Executive Management**



Rewards policy for members of the Board of Directors, committees of the Board and the Executive Management

This policy was issued pursuant to the decision of the company's shareholders' general assembly held on Monday 14/09/1442 corresponding to 04/26/2021, based on the recommendation of the Board of Directors at its meeting No. 4/2020 held on 12/12/1441 corresponding to 07/23/2020.

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1- Introduction

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted a policy of remuneration for members of the Board of Directors, the committees emanating from it, and the executive management in the company in accordance with the standards and controls contained in the Companies' Law and the Corporate Governance Regulations. And other related laws.

The remuneration policy for the Board of Directors, the committees emanating from it and the executive management of the company has been prepared in order to comply with Article (61) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulates that the Remuneration and Nominations Committee shall "prepare a clear policy for the remuneration of members of the Board of Directors and the committees emanating from The Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy as following standards related to performance, disclosing them, and verifying their implementation.

2- Definitions

The following words and expressions shall have the meanings expressed in front of them, unless the context of the text requires otherwise:

The Authority: The Capital Market Authority.

Policy: The remuneration policy for members of Board of Directors, its committees, and executive management.

Governance Regulations: Corporate Governance Regulations issued by Board of Capital Market Authority.

Corporate Governance System: The corporate governance system for Zahrat Al Waha For Trading Company - a public Saudi joint stock company.

The company: Zahrat Al Waha For Trading Company - a public Saudi joint stock company.

General Assembly: An association formed from the company's shareholders under the provisions of the Companies Law and the Company's Articles of Association.

Board of Directors or Board: The Board of Directors of Zahrat Al Waha For Trading Company - a Saudi public joint stock company.

The Committee: Nominations and Remuneration Committee emanating from Company's Board of Directors.

Executive Management/ Senior Executives: The persons entrusted with managing the daily operations of the company, proposing and implementing strategic decisions, and this includes the CEO of the company and the rest of the members of the executive management in the company

Invited persons: Any person who is invited to attend the committee meeting who is not a member.

Remunerations: amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the board of directors for Purpose of performing his work.

3- Policy Objectives

This policy aims to set clear standards for the remuneration of members of the Board of Directors, its committees and senior executives in light of the requirements of the companies' system and the rules and regulations of the Capital Market Authority. The policy also aims to attract individuals with a degree of competence, ability and talent to work in the Board of Directors, the committees emanating from it and the executive management through Adopting plans and programs that stimulate rewards and are linked to performance, which contribute to improving the company's performance and achieving the interests of its shareholders.

4- Responsibilities

- The Nomination and Remuneration Committee is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Board Secretary is responsible for supporting the Nominations and Remuneration Committee to issue and update this policy and to develop procedures that assist in its implementation.
- Remuneration policy is submitted to the General assembly for approval.
- The financial department and the human resources department in the executive management of the company is responsible for implementing what is stated in this policy under the supervision of the board of directors responsible for its implementation.

5- References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) on 16/5/1438 AH corresponding to 2/13/2017

amended by Resolution of the Board of the Capital Market Authority No. (3-57-2019) on 15/9/1440 AH corresponding to 5/20/2019

- Corporate Governance Regulations.
- Nomination and Remuneration Committee Regulation.
- Corporate Governance Committee regulation.

6- Remuneration criteria

Without prejudice to the statutory requirements, the company's articles of association, and the requirements of the governance regulation, the remuneration of the members of the Board of Directors, the committees emanating from it, and the executive management are subject to the following standards:

- Its consistency with the company's strategic plans, long-term and short-term goals, its activities, the sector in which it operates, the skill required to manage it, and the size, nature and degree of risks of the company.
- That the remuneration be presented for Purpose of inducing the members of the board of directors, the committees emanating from it, and the executive management on the long-term success and development of the company, such as linking the variable part of the remuneration to performance in the long term.
- That remuneration is determined based on the level of the position, the tasks and responsibilities of the occupant, academic qualifications, practical experiences, skills, and level of performance.
- Considering the practices of other companies in determining remuneration, while avoiding the unjustified increase in rewards and compensation that may result from that.
- To aim to attract, maintain and motivate professional competencies, without exaggerating them.
- To prepare in coordination with the Nomination and Remuneration Committee and the Human Resources Department upon new appointments.
- Organizing the award of shares in the company to members of the Board of Directors, the committees emanating from it and the executive management, whether they are a new issue or shares purchased by the company.
- That the remuneration be fair and commensurate with the member's competencies, business and responsibilities undertaken by the members of the Board of Directors, in addition to Purposes set by the Board of Directors to be achieved during the fiscal year.
- Remuneration should be based on the recommendation of the Nomination and Remuneration Committee.
- Taking into consideration the sector in which the company operates, its size and the experience of the members of the Board of Directors.
- The remuneration is reasonably sufficient to motivate and retain competent and experienced board members.
- The remuneration of the members of Board of Directors and committees emanating of it consist of an annual bonus (a lump sum), attendance allowances per meetings and other entitlements as explained in this policy.

Rewards policy for members of the Board of Directors, committees of the Board and the Executive Management

- The remuneration of the members of the audit committee is approved by the general assembly and upon the recommendation of the board of directors.
- A member of the Board of Directors may obtain a remuneration for his membership in the audit committee formed by the General Assembly, or for any business, executive, technical, administrative or advisory positions - under a professional license - additional assigned to him in the company, in addition to the bonus that can be He obtains it as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and articles of Association.
- The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks assigned to him, his independence, the number of sessions he attends, and other considerations.
- If the audit committee or body found that the remuneration paid to any of the members of the board of directors or the executive management was based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors, then they must be returned to the company and the company has the right to ask him to return them.

7- Remuneration for members of the Board of Directors and its committees

- The remuneration of a member of the Board of Directors and all the benefits that he obtains - if any - shall be as approved by the General assembly, in accordance with the official decisions and instructions issued in this regard, and within the limits of what is stipulated in the Companies Law and its Regulations.
- The remuneration of a member of the Board of Directors may be a certain amount, an attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits.
- If the remuneration is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit of no less than (1%) of the company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and every estimate that is otherwise is void.
- In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets should not exceed an amount of five hundred thousand riyals annually, according to the controls set by the competent authority.
- The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or based directly or indirectly on profitability of company.
- Pursuant to what was mentioned in the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors and committees emanating from it shall be according to the table below:

1- Members of the Board of Directors:



Rewards policy for members of the Board of Directors, committees of the Board and the Executive Management

Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive board member (Deducted)	SAR 100,000
Remuneration for an executive board member	SAR Zero

Allowances for attending meetings and other allowances are disbursed annually, while the deducted allowance is disbursed after it has been approved by the General Assembly

2- Members of the Audit Committee:

Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive committee member (Deducted)	SAR 30,000

Allowances for attending meetings and other allowances are paid annually, in addition to annual deducted bonus.

3- Members of the Nomination and Remuneration Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

4- Members of Risks Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

5- Members of Governance Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

8- Remuneration for the Executive Management

- 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 the recommendation of the Executive Management. The remuneration of the Executive Management includes the following:
 - basic salary.
 - Medical insurance for him and his family.
 - Social insurance.
 - Transportation allowance or securing a suitable means of transportation.
 - Housing allowance or adequate housing insurance for him and his family.
 - Annual increase linked to performance indicators and according to the annual evaluation that is made in this regard.
 - An annual reward related to performance indicators and according to the annual evaluation that is made in this regard.

Rewards policy for members of the Board of Directors, committees of the Board and the Executive Management

- A long-term incentive bonus, if any.
- Allowances and other benefits such as children's education allowance, travel tickets for him and his family, annual paid leave, and end-of-service benefits in accordance with the Saudi Labor Law and the company's human resources management regulations.
- Any bonuses or other allowances approved by the company's board of directors.
- The Nomination and Remuneration Committee reviews the general policies, plans and programs for the remuneration of senior executives and submits its findings to the Board of Directors' approval.
- The CEO implements the remuneration policy for employees and senior executives in light of the general policies, plans and programs approved by the Nomination and Remuneration Committee and approved by the Board of Directors.
- The Nomination and Remuneration Committee reviews the CEO's annual incentives and rewards and submits them to the Board of Directors for approval.

9- Bonus Payments

- Rewards - according to what is stipulated in the bonuses and benefits tables attached to this policy - shall be disbursed in Saudi riyals or its equivalent in any other currency, and the payment is made through a direct entry in the bank accounts specified by the concerned person.

10- General Provisions

- Board members may not vote on the board members remuneration item at the general assembly meeting.
- This policy is complementary to the company's articles of association, corporate governance system, and governance regulations.
- Anything for which there is no text in this policy to apply the relevant laws and regulations issued by the competent authorities.

11- Disclosure

- The report of the Board of Directors to the General assembly must include a comprehensive statement of all remuneration, expenses allowance and other benefits that Board members received during the fiscal year, and it should also include a statement of what board members received as workers or administrators or what they received in return Technical, administrative or consulting works, and it should also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last general assembly meeting or during the fiscal year ending on December 31.
- Without prejudice to what is stated in the previous paragraph of this article, the company discloses the members of the board of directors, the committees emanating from it and the executive management (the five largest executives who received the largest rewards, including CEO and CFO) in accordance with regulatory requirements specified in governance regulation.

12- Implementation

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation lies with the Board of Directors. This policy is published on the company's website to enable shareholders, the public and stakeholders to view it.

The Board of Directors - with the support of the Nomination and Remuneration Committee - reviews this policy periodically to ensure its suitability to changes that may occur to the nature of company's business, its strategic objectives, relevant legislation and regulations and the recommendation to General Assembly in this regard.



After Amendment

**Rewards Policy for Members of The
Board of Directors, Committees of The
Board and The Executive Management**

Zahrat Al Waha for Trading



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company

Regulations and policies generated from Corporate Governance

This policy was issued in accordance with the decision of the general assembly of the shareholders of the company held on Monday on 14/09/1442 H corresponding to 26/04/2021 based on the proposal of the company's board of directors meeting No. 4/2020, held on 02/12/1441 AH, corresponding to 23/07/2020.

This policy was amended based on the amendment of the Companies Law and the Corporate Governance Regulations based on Royal Decree 132 dated 01/12/1443 AH, and in accordance with the recommendation of the Board of Directors in its meeting No. 1/2023 held on 10/08/1444 AH corresponding to 02/03/2023 AD.



Regulations and policies generated from Corporate Governance

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Regulations and policies generated from Corporate Governance

Article One: Introduction

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted a policy of remuneration for members of the Board of Directors, the committees emanating from it, and the executive management in the company in accordance with the standards and controls contained in the Companies' Law and the Corporate Governance Regulations. And other related laws.

The remuneration policy for the Board of Directors, the committees emanating from it and the executive management of the company has been prepared in order to comply with Article (62) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulates that the Remuneration and Nominations Committee shall "prepare a clear policy for the remuneration of members of the Board of Directors and the committees emanating from The Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy as following standards related to performance, disclosing them, and verifying their implementation.

Article Two: Definitions

The following words and expressions shall have the meanings expressed in front of them, unless the context of the text requires otherwise:

The Authority: The Capital Market Authority.

Policy: The remuneration policy for members of Board of Directors, its committees, and executive management.

Governance Regulations: Corporate Governance Regulations issued by Board of Capital Market Authority.

Corporate Governance System: The corporate governance system for Zahrat Al Waha for Trading Company - a public Saudi joint stock company.

The company: Zahrat Al Waha for Trading Company - a public Saudi joint stock company.

General Assembly: An association formed from the company's shareholders under the provisions of the Companies Law and the Company's Articles of Association.

Board of Directors or Board: The Board of Directors of Zahrat Al Waha for Trading Company - a Saudi public joint stock company.

The Committee: Remuneration and Nominations Committee emanating from Company's Board of Directors.

Executive Management/ Senior Executives: The persons entrusted with managing the daily operations of the company, proposing, and implementing strategic decisions, and this includes the CEO of the company and the rest of the members of the executive management in the company

Invited persons: Any person who is invited to attend the committee meeting who is not a member.

Remunerations: amounts, allowances, profits, and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the board of directors for Purpose of performing his work.

Regulations and policies generated from Corporate Governance

Article Three: Policy Objectives

This policy aims to set clear standards for the remuneration of members of the Board of Directors, its committees, and senior executives in light of the requirements of the companies' system and the rules and regulations of the Capital Market Authority. The policy also aims to attract individuals with a degree of competence, ability, and talent to work in the Board of Directors, the committees emanating from it and the executive management through Adopting plans and programs that stimulate rewards and are linked to performance, which contribute to improving the company's performance and achieving the interests of its shareholders.

Article Four: Responsibilities

- The Remuneration and Nominations Committee is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Board Secretary is responsible for supporting the Remuneration and Nominations Committee to issue and update this policy and to develop procedures that assist in its implementation.
- Remuneration policy is submitted to the General assembly for approval.
- The financial department and the human resources department in the executive management of the company is responsible for implementing what is stated in this policy under the supervision of the board of directors responsible for its implementation.

Article Five: References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020. Amended by CMA Council Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH corresponding to 06/30/ 2022 AD.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No (16-8-2017) on 5/16/1438 AH corresponding to 2/13/2017 amended by Resolution of the Capital Market Authority Board No. (3-57-2019) on 9/15/1440 AH corresponding to 5/20/2019, Amended by Capital Market Authority Board Resolution No. (8-5-2023) dated 06/25/1444 AH 01/18/2023 AD.
- Corporate Governance Regulations.
- Remuneration and Nominations Committee Regulation.
- Corporate Governance Committee regulation.

Article Six: Remuneration criteria

Regulations and policies generated from Corporate Governance

Without prejudice to the statutory requirements, the company's articles of association, and the requirements of the governance regulation, the remuneration of the members of the Board of Directors, the committees emanating from it, and the executive management are subject to the following standards:

- Its consistency with the company's strategic plans, long-term and short-term goals, its activities, the sector in which it operates, the skill required to manage it, and the size, nature, and degree of risks of the company.
- That the remuneration be presented for Purpose of inducing the members of the board of directors, the committees emanating from it, and the executive management on the long-term success and development of the company, such as linking the variable part of the remuneration to performance in the long term.
- That remuneration is determined based on the level of the position, the tasks and responsibilities of the occupant, academic qualifications, practical experiences, skills, and level of performance.
- Considering the practices of other companies in determining remuneration, while avoiding the unjustified increase in rewards and compensation that may result from that.
- To aim to attract, maintain and motivate professional competencies, without exaggerating them.
- To prepare in coordination with the Remuneration and Nominations Committee and the Human Resources Department upon new appointments.
- Organizing the award of shares in the company to members of the Board of Directors, the committees emanating from it and the executive management, whether they are a new issue or shares purchased by the company.
- That the remuneration be fair and commensurate with the member's competencies, business and responsibilities undertaken by the members of the Board of Directors, in addition to Purposes set by the Board of Directors to be achieved during the fiscal year.
- Remuneration should be based on the recommendation of the Remuneration and Nominations Committee.
- Taking into consideration the sector in which the company operates, its size and the experience of the members of the Board of Directors.
- The remuneration is reasonably sufficient to motivate and retain competent and experienced board members.
- The remuneration of the members of Board of Directors and committees emanating of it consist of an annual bonus (a lump sum), attendance allowances per meetings and other entitlements as explained in this policy.
- The remuneration of the members of the audit committee is approved by the board of directors.
- A member of the Board of Directors may obtain a remuneration for his membership in the audit committee formed by the board of directors, or for any business, executive, technical, administrative or advisory positions - under a professional license - additional assigned to him in the company, in addition to the bonus that can be He obtains it as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and articles of Association.
- The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks assigned to him, his independence, the number of sessions he attends, and other considerations.

Regulations and policies generated from Corporate Governance

- If the audit committee or body found that the remuneration paid to any of the members of the board of directors or the executive management was based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors, then they must be returned to the company and the company has the right to ask him to return them.

Article Seven: Remuneration for members of the Board of Directors and its committees

- The remuneration of a member of the Board of Directors and all the benefits that he obtains - if any - shall be as approved by the General assembly, in accordance with the official decisions and instructions issued in this regard, and within the limits of what is stipulated in the Companies Law and its Regulations.
- The remuneration of a member of the Board of Directors may be a certain amount, an attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits.
- If the remuneration is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit of no less than (1%) of the company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and every estimate that is otherwise is void.
- In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets should not exceed an amount of five hundred thousand riyals annually, according to the controls set by the competent authority.
- The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or based directly or indirectly on profitability of company.
- Pursuant to what was mentioned in the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors and committees emanating from it shall be according to the table below:

1- Members of the Board of Directors:

Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive board member (Deducted)	SAR 100,000
Remuneration for an executive board member	SAR Zero

Allowances for attending meetings and other allowances are disbursed annually, while the deducted allowance is disbursed after it has been approved by the General Assembly.

2- Members of the Audit Committee:

Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive committee member (Deducted)	SAR 30,000

Allowances for attending meetings and other allowances are paid annually, in addition to annual deducted bonus.

3- Members of the Remuneration and Nominations Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000

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Remuneration for a non-executive committee member (Deducted)	SAR 20,000
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4- Members of Risks Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

5- Members of Governance Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

Article Eight: Remuneration for the Executive Management

- The Remuneration and Nominations 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 the recommendation of the Executive Management. The remuneration of the Executive Management includes the following:
 - basic salary.
 - Medical insurance for him and his family.
 - Social insurance.
 - Transportation allowance or securing a suitable means of transportation.
 - Housing allowance or adequate housing insurance for him and his family.
 - Annual increase linked to performance indicators and according to the annual evaluation that is made in this regard.
 - An annual reward related to performance indicators and according to the annual evaluation that is made in this regard.
 - A long-term incentive bonus, if any.
 - Allowances and other benefits such as children's education allowance, travel tickets for him and his family, annual paid leave, and end-of-service benefits in accordance with the Saudi Labor Law and the company's human resources management regulations.
 - Any bonuses or other allowances approved by the company's board of directors.
- The Remuneration and Nominations Committee reviews the general policies, plans, and programs for the remuneration of senior executives and submits its findings to the Board of Directors' approval.
- The CEO implements the remuneration policy for employees and senior executives in light of the general policies, plans and programs approved by the Nomination and Remuneration Committee and approved by the Board of Directors.
- The Remuneration and Nominations Committee reviews the CEO's annual incentives and rewards and submits them to the Board of Directors for approval.

Article Nine: Bonus Payments

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- Rewards - according to what is stipulated in the bonuses and benefits tables attached to this policy - shall be disbursed in Saudi riyals or its equivalent in any other currency, and the payment is made through a direct entry in the bank accounts specified by the concerned person.

Article Ten: General Provisions

- Board members may not vote on the board members remuneration item at the general assembly meeting.
- This policy is complementary to the company's articles of association, corporate governance system, and governance regulations.
- Anything for which there is no text in this policy to apply the relevant laws and regulations issued by the competent authorities.

Article Eleven: Disclosure

- The report of the Board of Directors to the General assembly must include a comprehensive statement of all remuneration, expenses allowance and other benefits that Board members received during the fiscal year, and it should also include a statement of what board members received as workers or administrators or what they received in return Technical, administrative or consulting works, and it should also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last general assembly meeting or during the fiscal year ending on December 31.
- Without prejudice to what is stated in the previous paragraph of this article, the company discloses the members of the board of directors, the committees emanating from it and the executive management (the five largest executives who received the largest rewards, including CEO and CFO) in accordance with regulatory requirements specified in governance regulation.

Article Twelve: Implementation

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation lies with the Board of Directors. This policy is published on the company's website to enable shareholders, the public and stakeholders to view it.

The Board of Directors - with the support of the Nomination and Remuneration Committee - reviews this policy periodically to ensure its suitability to changes that may occur to the nature of company's business, its strategic objectives, relevant legislation and regulations and the recommendation to General Assembly in this regard.