



**Operation Charter of Remunerations & Nominations Committee  
Abdullah Al-Othaim Markets Co.**

**Version: 4**  
**Date of issue: 22/09/2021G**  
**No. of pages: 5**

**Seal**

**First: Definitions:**

**Company:** Abdullah Al-Othaim Markets Co.

**General Assembly:** General assembly of the shareholders of Abdullah Al-Othaim Markets Co.

**Board of Directors:** Board of directors of Abdullah Al-Othaim Markets Co.

**Committee:** Remunerations and nomination committee formed by the board of directors of Abdullah Al-Othaim Markets Co.

**Charter:** Operation Charter of Remunerations & Nomination Committee of Abdullah Al-Othaim Markets Co. duly approved by the general assembly.

**Committee Member:** Member of the Remunerations and nomination committee of Abdullah Al-Othaim Markets Co.

**Executive Member:** Member of the board of directors of Abdullah Al-Othaim Markets Co. who is totally devoted to work in the executive management of the company and participating in its daily activities.

**Non-Executive member:** Member of the board of directors of Abdullah Al-Othaim Markets Co. who is not devoted to work in company management, and not participating in its daily activities.

**Independent Member:** Non-Executive member of Abdullah Al-Othaim Markets Company Board of Directors, who is enjoying full independence in his designation and decisions, and who free of all independence inhibitors stated in the Regulations of the Capital Market and other relevant authorities.

**Executive Management or Chief Executives:** People assigned to run the operations of Abdullah Al-Othaim Markets Co., propose the strategic decisions, and implementation thereof, such as, CEO, vice CEOs, and financial manager.

**Second: Objective:**

The objective of this charter is to determine measures and procedures, scope of works, responsibilities, mechanism of issuing resolutions, and member responsibilities of the committee, to help the board of directors in strengthening his responsibilities and verify activities resulting in conflict of interests, nomination to membership of the board of directors, and compliance of the company activities and procedures with the valid rules and regulations.

**Third: Formation of the Committee & Selection of the Chairman:**

- a) According to a resolution by the board of directors, the Remunerations and nomination committee shall be formed from the non-executive members of the board of directors or else. The number of members shall not be less than three and not more than five members, chairman of the committee shall be an independent member of the board of directors. The term of office of this committee according to the provisions of the formation resolution provided that it shall not exceed the office term of the board of directors.
- b) From within its members, the committee shall elect a chairman in the first meeting. The committee may appoint a vice chairman and a secretary from within its members or else.
- c) In case of vacant post in the committee membership due to resignation or any other reason, the board of directors may appoint another member in the vacant post who shall complete the period of his predecessor.
- d) In case need arise to increase the number of committee members, without exceeding the upper limit during its office term, the board may appoint one or more committee members(s).

**Fourth: Measures and basis of selecting the Committee Members:**

- 1) Must have the legally recognized capacity.
- 2) Must not be an executive member of the board of directors.
- 3) His honesty and integrity is evident and not condemned of honor or integrity crime.
- 4) Must have enough time to effectively participate in the committee works and must have the ability to take wise decisions in compliance with the professional ethics and values.
- 5) Must be subjective and neutral.
- 6) Must have reasonable conception of policies and nature of the committee works.

**Fifth: Expiration of Committee Membership:**

Membership of the committee expires by the expiry of term according to the formation resolution, death, resignation, or in the absence of any of the membership conditions, also the board may relief any member for any reason in the reasonable time without causing damage to the company.

**Sixth: Meetings & Minutes of the Committee:**

- 1) Committee meetings shall be periodically convened at every six months, additional meetings may be convened whenever necessary according to the request of the chairman or one member stating the justifiable reasons for meeting and approval of the majority members, or upon the request of the board of directors. Quorum of meeting is the attendance of half of its members, resolutions are issued according to majority of the attending members; in case of equal votes the chairman of the meeting shall have a casting vote.
- 2) According to the approval of the majority of members, a meeting may be postponed or cancelled as deemed appropriate by the committee.
- 3) The committee may convene meetings using the technological means the visual or audio conferencing and attendance shall consider in person.
- 4) Committee meetings and resolutions shall be documented in minutes duly signed by all attending members. provided that all attending and absent members shall be provided with the minutes draft within the specified period. In presence of notes or modifications on the draft minutes, members must provide the chairman within no more than (7) seven days of the date of sending minutes, otherwise such draft shall be considered final and signatures shall be completed unless there exist emergency circumstances at the discretion of the chairman.
- 5) Any committee member may have reservation against any resolution adopted by the committee provided that he shall specify the reasons behind this reservation to be recorded in minutes. No member shall be relieved of responsibility of the unanimously adopted resolutions in case of being absent unless he records his reservation.
- 6) The committee may invite any member of the board of directors, the executive management officer, or else to attend meetings and provide the required relevant information.

**Seventh: Agenda & Supporting Documents:**

- 1) The committee shall adhere to meeting agenda while taking into consideration any other issues suggested by members in a previous meeting. Any member shall have the right to new item(s) whether before the meeting or at the time of the agenda approval, and to be included as a deliberation item.
- 2) Agenda and suggested resolution shall be supplied to members through the available communication methods whether emails or other means, associated with the supporting documents at least one week prior to the scheduled meeting date excluding the emergency meetings where members shall be notified within a reasonable and sufficient time before the meeting in the manner that enables the member to study the proposed issues and review documents.
- 3) The agenda shall include the estimated time duration, and time expected for each included issue.
- 4) In case of inquiries or request of explanation from any member about the agenda or documents before the meeting, answers should be provided in due time by the chairman or whoever he may authorize.
- 5) In case of presence of updating or modification whether regarding the agenda or related documents, members shall be timely provided by this change.

**Eighth: Tasks & Responsibilities of the Committee Chairman:**

Notwithstanding the generally stated tasks and responsibilities of the member in this charter, the tasks and basic responsibilities of the chairman shall include the following without limitation:

- 1) Preside and manage the committee meetings, and his absence shall be substituted by his deputy (if any). In the absence of the chairman and his deputy (if any), he shall appoint a member sufficiently enough before the meeting to preside the meeting. Otherwise, the committee shall elect a chairman from within the attending members.
- 2) Supervise the committee works and ensure compliance of the respective parties with the charter.
- 3) Manage and follow up works of the committee by himself or by whom he may authorize.
- 4) Ensure the correctness of the adopted resolutions and recommendations, and make sure that they are based on knowledge and serving the interests and strategic plans of the company.
- 5) Escalate issues that the committee was not able to arrive to a resolution, the critical reports to the board of directors.
- 6) Follow up implementation of resolutions and recommendation of the committee and the related parties.

- 7) Prepare for meetings and set agenda and get it approved and ensure the availability of the supporting documents.
- 8) Propose meeting schedule each year before year start and share this with members.
- 9) Follow up compliance with the charter and verify the need for updating.
- 10) Ensure the recording of meeting minutes and resolutions, documentation and maintenance of the same as conventionally agreed upon.
- 11) Provide the committee members with the agenda of each meeting together with the supporting documents and ensure that all members has received any subsequent modification.
- 12) Provide members with the draft of the meeting minutes within no more than (7) seven days of the meeting date, and take into consideration any suggestions or modifications, or any resolutions issued in the meeting.
- 13) Ensure obtaining the necessary signatures on the meeting minutes and any resolutions and maintaining the same in a special record.
- 14) Ensure the implementation of resolutions and recommendations adopted by the committee, prepare follow up list for resolutions including summary of the resolutions, the implementing parties, and the latest upcoming, provided that it shall be presented before the committee in each meeting.
- 15) The chairman may authorize some of his tasks to whom he may consider appropriate of the committee members.

**Ninth: Obligations and Responsibilities of the Committee Member:**

- 1) Regularly attend the committee meetings and effectively participate in its works. In case emerging circumstances that necessitate his absence of a meeting, the member must notify the chairman through any possible means. The member may not dismiss himself from the session before being adjourned without the permission of the chairman.
- 2) Good and appropriate preparation for the meeting, and to review issues of each meeting agenda and read or relevant documents.
- 3) Maintain confidentiality of the company and committee secrets and avoid disclosure to any third party other the general assembly, all acquired information because of pursuing his duties shall be considered confidential.
- 4) Review the draft of the committee meetings minutes, thoroughly understand and convey remarks within a reasonable time of receiving the draft and ask explanation of any ambiguous resolution or text in such minutes.
- 5) The member must develop his skills required to pursue his duties.
- 6) Read the company message, and objectives, for well understanding in be aware of its programs and executive plans, coup with developments relevant to company activities.
- 7) Be honest, truthful and subjective, and disentangled from personal interest by directing the company policy for his personal interest and shall not knowingly disclose misleading information.
- 8) May not accept any valuable thing from an employee, or parties having business relationships with the company that may influence his decisions within the committee.
- 9) The committee chairman must attend the general assembly meeting to answer inquiries of shareholders, in case of being not able to attend, then he must authorize a member to attend on his behalf.

**Tenth: Tasks and Responsibilities of the Committee**

- 1) Set and update policies of remunerations of the board of directors and committees of established by the board of directors and executive management and submit to the concerned departments for approval while considering the relevant regulations organizing this policy.
- 2) Clarify the relationship between the awarded Remunerations and the adopted Remunerations policy and determine any substantial deviation of this policy.
- 3) Periodical review of Remunerations policy, and assessment of its effectiveness in realizing the targeted objectives.
- 4) Recommend to the board of directors, the Remunerations of the board members and emerging committee members, and senior executives according to the approved policy.
- 5) Propose clear policies and standards for the membership of the board of directors and executive management.

- 6) Recommend nomination of the board members and re-nominate them according to the approved policies and standards, taking into consideration the prerequisites for nomination to the board membership.
- 7) Set description of the required abilities and qualifications for the membership of the board of directors and the executive administrative positions.
- 8) Determine time to be devoted by the member for the activities of the board of directors.
- 9) Suggest the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management, through appropriate performance indicators related to the extent to which the company's strategic objectives are achieved, the quality of risk management, the adequacy of internal control systems, and others.
- 10) Evaluate the members of the Board of Directors, the committees, on an annual basis in accordance with the mechanisms necessary in the evaluation process.
- 11) Annual verification of the required skills and experience for the membership of the board of directors and executive management posts.
- 12) Verify the organizational structure of the board of directors and executive management, and present recommendation for the required possible modifications.
- 13) Annually ensure the independence of the independent members and ensure absence of the conflict of interest if the member is occupying membership of another company's board of directors.
- 14) Set employment description for the executive, non-executive, independent members and senior executive officers.
- 15) Set special procedures in case of vacant post of the membership of the board of directors or senior officers.
- 16) Determine strength and weakness points of the board of directors and suggest solutions in compliance with company interests.
- 17) Ensure compliance with the company governance charter and provisions of the relevant regulations in respect of nomination of the board members.
- 18) Study issues assigned or referred by the board of directors, and present recommendations to the board for the suitable decision.
- 19) The committee shall submit report of its activities by the year end to the board of Directors.
- 20) The Committee has the right to seek the assistance of experts and specialists it deems fit from within or outside the company within the limits of its powers, provided that this is included in the minutes of its meeting with a detailed statement about the expert or specialist and his relationship with the company or senior executives.

**Eleventh: Application & interpretation of the charter provisions:**

Provisions of this charter shall be applied and interpreted without contradiction with the company articles of association and any other bylaws approved by the board of directors and shall be in compliance with the Saudi Companies Regulation, CMA and their executive rules.

**Twelfth: Committee Remunerations:**

Each member is entitled to annual Remunerations according to the approved Remunerations policy or as determined by the board of directors.

**Thirteenth: Substitution and Validity of the Charter:**

- 1) This charter is subject to verification as a part of the effectiveness of the committee works governance.
- 2) This charter is to be approved by the general assembly and come into effect according to a resolution by the assembly and shall supersede any previously valid charters.